



**SUSAN MONTEE, CPA**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Iron County, Missouri

The Office of the State Auditor, in cooperation with Iron County, has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2007, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, P.C., Certified Public Accountants, is attached.

A handwritten signature in cursive script that reads "Susan Montee".

Susan Montee, CPA  
State Auditor

January 2009  
Report No. 2009-08

THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORTS  
AND SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2007 & 2006

THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)

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(the Primary Government)

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THE COUNTY OF IRON  
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(the Primary Government)

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INDEPENDENT AUDITOR'S REPORT  
(The Primary Government)

To the County Commission  
The County of Iron, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Iron (the Primary Government), Missouri, as of and for the years ended December 31, 2007 and 2006, which collectively comprise the basic financial statements of the Primary Government as listed in the table of contents. These financial statements are the responsibility of the Primary Government's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements referred to above include only the Primary Government which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity. The financial statements do not include financial data for the Primary Government's legally separate component unit, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the primary government. As a result, the Primary Government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Primary Government, as of December 31, 2007 and 2006, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with accounting principles generally accepted in the United States of America, the Health Department of Iron County, and the Iron County Agency for Developmentally Disabilities, have issued separate reporting entity financial statements. For information on this component units, please contact the Iron County Health Department.

As described in Note I, the basic financial statements of the Primary Government were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information for the Primary Government, as of December 31, 2007 and 2006 for the years then ended in conformity with the basis of accounting described in Note I.

Primary Government has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting, has determined is necessary to supplement, although not required to be part of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 28, 2008 on our consideration for the Primary Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Schedules of Revenues, Expenditures and Changes in Fund Balance – Modified Cash Basis – Budget and Actual and related notes on pages 27 through 34 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Primary Government's basic financial statements. The combining and individual non-major funds financial statements on pages 35 through 42 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The state and federal compliance sections on pages 45 through 50 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Daniel Jones & Associates*

DANIEL JONES & ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

July 28, 2008

## **FINANCIAL STATEMENTS**



THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
 FOR THE YEARS ENDED

ASSETS	December 31, 2007 Total Governmental Activities	December 31, 2006 Total Governmental Activities
Cash and cash equivalents	478,352.03	508,881.69
Investments	<u>-</u>	<u>100,000.00</u>
<b>TOTAL ASSETS</b>	<b><u>478,352.03</u></b>	<b><u>608,881.69</u></b>
 NET ASSETS:		
Unrestricted	65,754.98	67,193.72
Restricted for Specific Purpose	<u>412,597.05</u>	<u>541,687.97</u>
 Total Net Assets	 <u>478,352.03</u>	 <u>608,881.69</u>
 <b>TOTAL FUND BALANCE</b>	 <b><u>478,352.03</u></b>	 <b><u>608,881.69</u></b>

See accompanying notes to the financial statements

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2007

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
			Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
	Expenses	Charges for Services			
FUNCTIONS/PROGRAMS					
GOVERNMENTAL ACTIVITIES:					
General county government	725,693.24	234,573.72	2,111,205.73	1,007,840.68	2,627,926.89
Road & Bridge	946,928.18	-	-	-	(946,928.18)
Financial administration	114,212.25	-	-	-	(114,212.25)
Other Offices & Grants	248,791.79	-	-	-	(248,791.79)
Administration of justice and law enforcement	749,830.33	-	-	-	(749,830.33)
Consulting	40,914.61	-	-	-	(40,914.61)
Fees Licenses & Permits	3,342.16	-	-	-	(3,342.16)
Surveyor	-	-	-	-	-
Maintenance of roads	-	-	-	-	-
Park Maintenance	-	-	-	-	-
Other	-	-	-	-	-
Debt Service:					
Principal	15,282.44	-	-	-	(15,282.44)
Interest and Fiscal charges	9,479.76	-	-	-	(9,479.76)
Capital Outlay:					
Construction of hospital	2,270,439.86	-	-	-	(2,270,439.86)
Property, equipment and buildings	266,641.22	-	-	-	(266,641.22)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>5,391,555.84</b>	<b>234,573.72</b>	<b>2,111,205.73</b>	<b>1,007,840.68</b>	<b>(2,037,935.71)</b>

General Revenues:

Taxes	
Property taxes, levied	1,000,593.97
Sales tax	701,731.11
Investment income	29,574.19
Miscellaneous	175,506.78
<b>TOTAL GENERAL REVENUES</b>	<b>1,907,406.05</b>
<b>CHANGE IN NET ASSETS</b>	<b>(130,529.66)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>608,881.69</b>
<b>NET ASSETS, END OF YEAR</b>	<b>478,352.03</b>

See accompanying notes to the financial statements

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
 FOR THE YEAR ENDED  
 DECEMBER 31, 2006

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
FUNCTIONS/PROGRAMS					
GOVERNMENTAL ACTIVITIES:					
General county government	796,855.63	252,805.07	930,835.79	1,131,174.00	1,517,959.23
Road & bridge	961,127.52	-	-	-	(961,127.52)
Financial administration	105,132.78	-	-	-	(105,132.78)
Other offices & grants	224,469.67	-	-	-	(224,469.67)
Consulting	32,450.00	-	-	-	(32,450.00)
Permits and Fees	20,410.16	-	-	-	(20,410.16)
Administration of justice and law enforcement	740,729.57	-	-	-	(740,729.57)
Hospital Construction	-	-	6,563,300.00	-	6,563,300.00
Surveyor	-	-	-	-	-
Maintenance of roads	-	-	65,335.51	-	65,335.51
Park Maintenance	-	-	-	-	-
Other	-	-	-	-	-
Debt Service:					
Principal	360,341.04	-	-	-	(360,341.04)
Interest and Fiscal charges	54,804.54	-	-	-	(54,804.54)
Capital Outlay:					
Construction of hospital	7,163,652.85	-	-	-	(7,163,652.85)
Property, equipment and buildings	859,215.26	-	-	-	(859,215.26)
TOTAL GOVERNMENTAL ACTIVITIES	11,319,189.02	252,805.07	7,559,471.30	1,131,174.00	(2,375,738.65)

General Revenues:	
Taxes	
Property taxes, levied	965,208.34
Sales tax	671,991.34
Investment income	39,252.78
Miscellaneous	162,667.32
TOTAL GENERAL REVENUES	<u>1,839,119.78</u>
CHANGE IN NET ASSETS	(536,618.87)
NET ASSETS, BEGINNING OF YEAR	<u>1,145,500.56</u>
NET ASSETS, END OF YEAR	<u>608,881.69</u>

See accompanying notes to the financial statements

THE COUNTY OF IRON  
 IORNTON, MISSOURI  
 (the Primary Government)  
 BALANCE SHEET - MODIFIED CASH BASIS  
 GOVERNMENTAL FUNDS

	DECEMBER 31, 2007							DECEMBER 31, 2006						
	General	Road and Bridge	Hospital Construction Fund	Hospital Sales Tax Fund	MFH Grant	Nonmajor Governmental Funds	Total Governmental Funds	General	Road and Bridge	Hospital Construction Fund	Hospital Sales Tax Fund	MFH Grant	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS														
Cash and Cash Equivalents	65,754.98	2,936.21	118,214.26	131,843.80	-	159,602.78	478,352.03	67,193.72	30,436.71	1,017.77	71,528.92	212,724.37	125,980.20	508,881.69
Investments	-	-	-	-	-	-	-	-	100,000.00	-	-	-	-	100,000.00
							-							-
TOTAL ASSETS	65,754.98	2,936.21	118,214.26	131,843.80	-	159,602.78	478,352.03	67,193.72	130,436.71	1,017.77	71,528.92	212,724.37	125,980.20	608,881.69
FUND BALANCES														
FUND BALANCES:														
Unreserved:														
General Fund	65,754.98						65,754.98	67,193.72						67,193.72
Special revenue funds	-	2,936.21	118,214.26	131,843.80	-	159,602.78	412,597.05		130,436.71	1,017.77	71,528.92	212,724.37	125,980.20	541,687.97
Total Fund Balances	65,754.98	2,936.21	118,214.26	131,843.80	-	159,602.78	478,352.03	67,193.72	130,436.71	1,017.77	71,528.92	212,724.37	125,980.20	608,881.69
TOTAL														
FUND BALANCES	65,754.98	2,936.21	118,214.26	131,843.80	-	159,602.78	478,352.03	67,193.72	130,436.71	1,017.77	71,528.92	212,724.37	125,980.20	608,881.69

See accompanying notes to the financial statements

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
 GOVERNMENTAL FUNDS  
 FOR THE YEARS ENDED

	DECEMBER 31, 2007							DECEMBER 31, 2006						
	General	Road and Bridge	Hospital Construction	Hospital Sales Tax	MFH Grant	Non-Major Governmental Funds	Total Governmental Funds	General	Road and Bridge	Hospital Construction	Hospital Sales Tax	MFH Grant	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:														
Property tax	514,594.25	485,999.72	-	-	-	-	1,000,593.97	495,656.96	469,551.38	-	-	-	-	965,208.34
Sales tax	358,683.96	-	-	343,047.15	-	-	701,731.11	330,952.23	-	-	341,039.11	-	-	671,991.34
Intergovernmental Revenue	370,203.31	494,252.09	-	-	-	176,437.62	1,040,893.02	207,138.77	464,804.32	-	-	-	148,355.99	820,299.08
Changes for Services	234,573.72	-	-	-	-	-	234,573.72	252,805.07	-	-	-	-	-	252,805.07
Loans	-	-	700,000.00	-	-	-	700,000.00	-	-	6,563,300.00	-	-	-	6,563,300.00
Grants, distributions and reimbursements	-	-	987,727.68	-	20,113.00	-	1,007,840.68	-	65,335.51	-	-	998,267.00	132,907.00	1,196,509.51
Fees, licenses and permits	-	-	240,605.32	-	-	129,707.39	370,312.71	-	-	-	-	-	110,536.71	110,536.71
Interest	5,043.36	10,555.47	3,305.69	3,225.37	1,004.59	6,439.71	29,574.19	10,710.65	13,379.71	5,482.39	1,713.94	2,334.91	5,631.18	39,252.78
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	82,300.00	93,206.78	-	-	-	-	175,506.78	119,487.82	39,184.96	-	-	-	3,994.54	162,667.32
Total Revenues	1,565,398.60	1,084,014.06	1,931,638.69	346,272.52	21,117.59	312,584.72	5,261,026.18	1,416,751.50	1,052,255.88	6,568,782.39	342,753.05	1,000,601.91	401,425.42	10,782,570.15
EXPENDITURES:														
Current:														
General county government	498,686.26	-	-	-	-	227,006.98	725,693.24	533,690.93	-	-	-	-	263,164.70	796,855.63
Road & Bridge	-	946,928.18	-	-	-	-	946,928.18	-	961,127.52	-	-	-	-	961,127.52
Financial Administration	114,212.25	-	-	-	-	-	114,212.25	105,132.78	-	-	-	-	-	105,132.78
Other offices & grants	248,791.79	-	-	-	-	-	248,791.79	224,469.67	-	-	-	-	-	224,469.67
Consulting	-	-	-	-	40,914.61	-	40,914.61	-	-	-	-	32,450.00	-	32,450.00
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Permits and Fees	-	-	-	-	2,000.00	1,342.16	3,342.16	-	-	-	-	7,294.06	13,116.10	20,410.16
Administration of Justice and Law	707,775.04	-	-	-	-	42,055.29	749,830.33	716,629.57	-	-	-	-	24,100.00	740,729.57
Capital Outlay:														
Construction	-	36,136.70	1,948,345.52	285,957.64	-	-	2,270,439.86	-	-	7,128,587.07	-	35,065.78	-	7,163,652.85
Property, equipment and buildings	-	224,449.68	-	-	32,261.83	9,929.71	266,641.22	-	196,353.05	-	-	513,067.70	149,794.51	859,215.26
Total Expenditures	1,569,465.34	1,207,514.56	1,948,345.52	285,957.64	75,176.44	280,334.14	5,366,793.64	1,579,922.95	1,157,480.57	7,128,587.07	-	587,877.54	450,175.31	10,904,043.44
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,066.74)	(123,500.50)	(16,706.83)	60,314.88	(54,058.85)	32,250.58	(105,767.46)	(163,171.45)	(105,224.69)	(559,804.68)	342,753.05	412,724.37	(48,749.89)	(121,473.29)
OTHER FINANCING SOURCES (USES):														
Transfers in	45,000.00	26,000.00	333,903.32	-	200,000.00	16,372.00	621,275.32	82,000.00	60,000.00	100,000.00	-	-	12,000.00	254,000.00
Transfers out	(42,372.00)	(30,000.00)	(200,000.00)	-	(333,903.32)	(15,000.00)	(621,275.32)	(12,000.00)	(30,000.00)	-	-	(200,000.00)	(12,000.00)	(254,000.00)
Debt Service														
Principal payment	-	-	-	-	(15,282.44)	-	(15,282.44)	-	-	(115,000.00)	(245,341.04)	-	-	(360,341.04)
Interest and fiscal charges	-	-	-	-	(9,479.76)	-	(9,479.76)	-	-	-	(54,804.54)	-	-	(54,804.54)
Total Other Financing Sources (uses)	2,628.00	(4,000.00)	133,903.32	-	(158,665.52)	1,372.00	(24,762.20)	70,000.00	30,000.00	(15,000.00)	(300,145.58)	(200,000.00)	-	(415,145.58)
NET CHANGE IN FUND BALANCE	(1,438.74)	(127,500.50)	117,196.49	60,314.88	(212,724.37)	33,622.58	(130,529.66)	(93,171.45)	(75,224.69)	(574,804.68)	42,607.47	212,724.37	(48,749.89)	(536,618.87)
FUND BALANCE - BEGINNING OF YEAR	67,193.72	130,436.71	1,017.77	71,528.92	212,724.37	125,980.20	608,881.69	160,365.17	205,661.40	575,822.45	28,921.45	-	174,730.09	1,145,500.56
FUND BALANCE - END OF YEAR	65,754.98	2,936.21	118,214.26	131,843.80	-	159,602.78	478,352.03	67,193.72	130,436.71	1,017.77	71,528.92	212,724.37	125,980.20	608,881.69

See accompanying notes to the financial statements

THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)

RECONCILIATION OF THE COUNTY FUNDS BALANCE SHEET  
WITH THE STATEMENT OF NET ASSETS  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

Amounts reported for governmental activities in the  
statement of activities are different because

Total Fund Balance – Governmental Funds	\$ 478,352.03
There are no items of reconciliation	<u>-</u>
Total Net Assets – Governmental Activities	<u>\$ 478,352.03</u>

See accompanying notes to the financial statements

THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)

RECONCILIATION OF THE COUNTY FUNDS BALANCE SHEET  
WITH THE STATEMENT OF NET ASSETS  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006

Amounts reported for governmental activities in the  
statement of activities are different because

Total Fund Balance – Governmental Funds	\$ 608,881.69
There are no items of reconciliation	<u>-</u>
Total Net Assets – Governmental Activities	<u>\$ 608,881.69</u>

See accompanying notes to the financial statements

THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)

RECONCILIATION OF THE COUNTY FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT-  
WIDE STATEMENT OF ACTIVITIES  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

Total net change in fund balances – governmental funds	\$ (130,529.66)
There are no items of reconciliation	<u>-</u>
Change in net assets of governmental activities	<u>\$ (130,529.66)</u>

See accompanying notes to the financial statements



THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)

RECONCILIATION OF THE COUNTY FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT-  
WIDE STATEMENT OF ACTIVITIES  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006

Total net change in fund balances – governmental funds	\$ (536,618.87)
There are no items of reconciliation	<u>-</u>
Change in net assets of governmental activities	<u>\$ (536,618.87)</u>

See accompanying notes to the financial statements

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 STATEMENT OF FIDUCIARY NET ASSETS  
 MODIFIED CASH BASIS - AGENCY FUNDS

	December 31, 2007 Agency Funds	December 31, 2006 Agency Funds
<b>ASSETS</b>		
Cash and Cash equivalents	<u>300,485.40</u>	<u>585,037.91</u>
<b>TOTAL ASSETS</b>	<u><u>300,485.40</u></u>	<u><u>585,037.91</u></u>
<b>LIABILITIES</b>		
Due to other funds	<u>300,485.40</u>	<u>585,037.91</u>
<b>TOTAL LIABILITIES</b>	<u><u>300,485.40</u></u>	<u><u>585,037.91</u></u>

See accompanying notes to financial statements

THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 & 2006

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Iron, Missouri (“the Primary Government”), which is governed by a three-member board of commissioners, was established in 1857 by an Act of the Missouri Territory. In addition to the three board members, there are eight elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk and ex officio Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

As discussed further in Note I, these financial statements are presented on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

**A. Reporting Entity**

As required by generally accepted accounting principles, as applicable to the modified cash basis of accounting, these financial statements present financial accountability of the Primary Government.

The Primary Government’s operations include tax assessments and collections, state/county courts, county recorder, police protection, transportation, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include only the primary government of Iron County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Primary Government’s legal entity. The financial statements do not include financial data for the Primary Government’s legally separate component unit, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Primary Government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Primary Government as of December 31, 2007 and 2006, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with accounting principles generally accepted in the United States of America, the Health Department of Iron County, Missouri and the Iron County Agency for Developmental Disabilities has issued separate reporting entity financial statements. For information on these component units, please contact the Iron County Health Department at (573) 546-7121 (or write to 606 W. Russell St., Ironton, MO 63650) and the Iron County Agency for Developmental Disabilities at (573) 598-3357 (or write to PO Box 157, Vulcan, MO, 63675).

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DECEMBER 31, 2007 & 2006

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation**

*Government-wide Financial Statements:*

The Statement of Net Assets and the Statement of Activities present financial information about the primary government only and not any of its component units. These statements include the financial activities of the primary government and distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charges to external parties for goods or services. The Primary Government does not have any such activities.

The Statement of Net Assets presents the financial condition of the governmental activities of the primary government at year-end. The statement of Activities presents a comparison between direct expenses and program revenues for each function of the Primary Government's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as *program revenues* (a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes, unrestricted interest earnings, gains, and other miscellaneous revenue not properly included among *program revenues* are presented instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Primary Government.

*Fund Financial Statements:*

Following the government-wide financial statements are separate financial statements for governmental funds and fiduciary funds. Presently, the Primary Government has no proprietary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The Primary Government has determined that the General Fund, Road and Bridge Fund, Missouri Foundation for Health Fund, Hospital Lease Fund, and Hospital Sales Tax Fund are major governmental funds. All other governmental funds are reported in one column labeled "Non-major Governmental Funds". If applicable, the total fund balances for all governmental funds is reconciled to total net assets. The net change in fund balance for all governmental funds, if applicable, is reconciled to the total change in net assets as shown on the statement of activities in the government-wide financial statements.

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (continued)**

The fund financial statements of the Primary Government are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances/net assets, revenues and expenditures.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following fund types are used by the Primary Government:

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The Primary Government's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

The following are the Primary Government's governmental major funds:

General Fund – The General Fund is the general operating fund of the Primary Government. It is used to account for all financial resources except those required to be accounted for in another fund.

Road and Bridge Fund – A Special Revenue Fund used to account for receipts of the Primary Government property tax levy and related expenditures for road maintenance and improvement projects.

Missouri Foundation for Health Fund– The Missouri Foundation for Health Fund is a grant used to fund the construction of the Primary Government's hospital.

Hospital Construction Fund – The Hospital Construction Fund is used to account for the funding and expenditures from the building of the Primary Government's hospital.

Hospital Sales Tax Fund – The Hospital Sales Tax Fund is used to collect sales tax revenue to be used for the funding of the Primary Government's hospital.

The other governmental funds of the Primary Government are considered non-major funds. They include special revenue funds, which account for the proceeds of specific revenue sources that generally are legally restricted to expenditures for specific purposes.

THE COUNTY OF IRON  
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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (concluded)**

Fiduciary Fund Types

Agency – Agency funds are used to account for assets held by the Primary Government in a trustee capacity as an agent of individuals, private organizations, other funds or other governmental units. Agency funds are accounted for and reported similar to the governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector of Revenue and other agency operations.

**C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and fund financial statements are prepared using the Modified cash basis of accounting. The basis of accounting recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures when they result from cash transactions except that the purchase of investments are recorded as assets; funds collected through the agency funds, not yet remitted, are recorded as liabilities and as receivables and revenue in the fund statements as applicable; and receipts of proceeds of tax anticipation notes are recorded as liabilities. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If the Primary Government utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

**D. Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

THE COUNTY OF IRON  
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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Property Taxes (concluded)**

The assessed valuation of the tangible taxable property, included within the Primary Government's boundaries for the calendar year 2007 and 2006, for purposes of taxation was:

	2007	2006
Real Estate	\$112,620,880	\$98,238,400
Personal Property	32,690,170	26,031,240
Railroad and Utilities	25,809,489	25,659,090
	<u>\$171,120,539</u>	<u>\$149,928,730</u>

During 2007 and 2006, the County Commission approved a \$1.0095 and \$0.9295, respectively, tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2007 and 2006, for purposes of County taxation, as follows:

	2007	2006
General Revenue Fund	\$ 0.2960	\$ 0.3085
Special Road and Bridge Fund	0.2833	0.3017
Sur-Tax	0.2800	0.2800
	<u>\$ 0.8593</u>	<u>\$ 0.8902</u>

**E. Cash Deposits and Investments**

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investment shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the Primary Government's name at third-party banking institutions. Details of these cash balances are presented in Note II.

**F. Interfund Transactions**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are classified as "Due from other funds" or "Due to other funds" on the Balance Sheet – Modified cash basis – Governmental fund.

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

F. Interfund Transactions (concluded)

Legally required transfers are reported as “transfers in” by the recipient fund and as “transfers out” by the disbursing fund.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

G. Reserved Fund Balance

Reserved fund balance represents the portion of fund balance that is not available for appropriation or is legally restricted for a specific purpose. Fund balance is unrestricted at December 31, 2007 and 2006.

H. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Primary Government or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted. The Primary Government applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

I. Use of Estimates in Financial Statements

Preparation of these financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**II. DEPOSITS AND INVESTMENTS**

The Primary Government maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the Balance Sheet Governmental Funds arising from cash transactions as "Cash and Equivalents" under each fund's caption.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2007 and 2006, the carrying amount of the Primary Government's deposits was \$478,352.03 and \$608,881.69, the bank balance was \$655,282.80 and \$1,294,078.95 respectively. As of December 31, 2007 and 2006, 100% of the Primary Government's investments were guaranteed by the U. S. Government.



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**II. DEPOSITS AND INVESTMENTS (CONTINUED)**

**SUMMARY OF CARRYING VALUES**

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2007, as follows:

Included in the following fund financial statement captions:

Balance Sheet – Government Funds

Deposits	\$ 478,352.03
Investments	-
Restricted cash	-
<b>Total Deposits &amp; Investments as of December 31, 2007</b>	<b>\$ <u>478,352.03</u></b>

The carrying values of deposits and investments at December 31, 2006, are as follows:

Included in the following fund financial statement captions:

Balance Sheet – Government Funds

Deposits	\$ 508,881.69
Investments	100,000.00
Restricted cash	-
<b>Total Deposits &amp; Investments as of December 31, 2006</b>	<b>\$ <u>608,881.69</u></b>

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Primary Government's investment policy does not include custodial credit risk requirements. The Primary Government's deposits were not exposed to custodial credit risk for the year end December 31, 2007 & 2006.

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the Primary Government or its agent but not in the government's name. The Primary Government does not have a policy for custodial credit risk relating to investments.

Custodial Credit Risk – Investments

All investments, evidenced by individual securities, are registered in the name of the Primary Government or of a type that are not exposed to custodial credit risk.

THE COUNTY OF IRON  
IRONTON, MISSOURI  
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**II. DEPOSITS AND INVESTMENTS (CONCLUDED)**

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Primary Government does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by the Primary Government for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The Primary Government has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The Primary Government's deposits were not exposed to concentration of investment credit risk for the year end December 31, 2007 & 2006.

**III. LONG-TERM DEBT**

Line of Credit – This line of credit can be used for whatever needs the county has. Currently the balance is for the Iron County Hospital. The Line of Credit matures 01/31/08, the line is extended up to \$750,000, and the interest rate is variable according to the prime rate published in the wall street journal.

2007 A Bond – This bond is for the Iron County Hospital project. The bonds were closed on 2/29/05. The maturity of the bonds is 10/01/31 and the interest rate is 4.125%. The USDA is the holder of this bond.

2005 B Bonds (Sales Tax Loan) – This bond is for the Iron County Hospital project. The bonds were closed on 9/29/05. The maturity of the bonds is 03/15/11 and the interest rate is 3.51574%. First State Community Bank is the holder of this bond.

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**III. LONG-TERM DEBT (CONTINUED)**

DEBT	2007				
	BALANCE AT 12/31/2006	AMOUNT BORROWED	AMOUNT REPAID	BALANCE AT 12/31/2007	INTEREST PD DURING YEAR
LOC	0.00	\$ 623,341.00	\$ (5,000.00)	\$ 618,341.00	0.00
Sales Tax Loan	\$ 1,124,658.96	0.00	\$ (249,860.53)	\$ 874,798.43	\$ 36,097.11
2007 A Bonds	0.00	\$ 7,500,000.00	0.00	\$ 7,500,000.00	\$ 184,765.63
<b>TOTAL</b>	<b>\$ 1,124,658.96</b>	<b>\$ 8,123,341.00</b>	<b>\$ (254,860.53)</b>	<b>\$ 8,993,139.43</b>	<b>\$ 220,862.74</b>

2006					
DEBT	BALANCE AT 12/31/2005	AMOUNT BORROWED	PAYMENTS 2006	BALANCE AT 12/31/2006	INTEREST PD DURING YEAR
Line of Credit	\$ -	\$ 115,000.00	\$ (115,000.00)	0.00	\$ 427.70
Sales Tax Loan	\$ 1,370,000.00	0.00	\$ (245,341.04)	\$ 1,124,658.96	\$ 52,616.60
<b>TOTAL</b>	<b>\$ 1,370,000.00</b>	<b>\$ 115,000.00</b>	<b>\$ (360,341.04)</b>	<b>\$ 1,124,658.96</b>	<b>\$ 53,044.30</b>

2007 Amortizations

2007				2007			
2005 B (Sales Tax Loan) Schedule				Series 2007 A Bond Schedule			
YEAR	PRINCIPLE	INTEREST	TOTAL	YEAR	PRINCIPLE	INTEREST	TOTAL
2008	258,634.97	27,322.67	285,957.64	2008	188,850.00	309,375.00	498,225.00
2009	267,892.82	18,064.82	285,957.64	2009	196,640.06	301,584.94	498,225.00
2010	277,392.85	8,564.79	285,957.64	2010	204,751.46	293,473.54	498,225.00
2011	70,877.79	611.69	71,489.48	2011	213,197.46	285,027.54	498,225.00
				2012	221,991.86	276,233.14	498,225.00
<b>TOTAL</b>	<b>874,798.43</b>	<b>54,563.97</b>	<b>929,362.40</b>	2013-2017	1,255,109.01	1,236,015.99	2,491,125.00
				2018-2022	1,536,230.99	954,894.01	2,491,125.00
				2023-2027	1,880,319.25	610,805.75	2,491,125.00
				2028-2031	1,802,909.91	189,661.41	1,992,571.32
				<b>TOTAL</b>	<b>7,500,000.00</b>	<b>4,457,071.32</b>	<b>11,957,071.32</b>

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
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**III. LONG-TERM DEBT (CONCLUDED)**

2006 Amortizations

YEAR	2006 2005 B (Sales Tax Loan) Schedule		
	PRINCIPLE	INTEREST	TOTAL
2007	249,860.53	36,097.11	285,957.64
2008	258,634.97	27,322.67	285,957.64
2009	267,892.82	18,064.82	285,957.64
2010	277,392.85	8,564.79	285,957.94
2011	70,877.79	611.69	71,489.48
TOTAL	<u>1,124,658.96</u>	<u>90,661.08</u>	<u>1,215,320.34</u>

**IV. INTERFUND TRANSFERS**

Transfers between funds for the year ended December 31, 2007 and 2006 are as follows:

	2007		2006	
	Transfers In	Transfers Out	Transfers In	Transfers Out
Major Funds				
General Fund	\$ 45,000.00	\$ 42,372.00	\$ 82,000.00	\$ 12,000.00
Special Road And Bridge	26,000.00	30,000.00	60,000.00	30,000.00
Hospital Lease	333,903.32	200,000.00	100,000.00	
MFH Grant	200,000.00	333,903.32		200,000.00
Non-major Funds	16,372.00	15,000.00	12,000.00	12,000.00
Total	<u>\$ 621,275.32</u>	<u>\$ 621,275.32</u>	<u>\$ 254,000.00</u>	<u>\$ 254,000.00</u>

**V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)**

The County Employees' Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees.

**A. Plan Description**

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer of employee whose performance requires the actual performance of duties during not less than (1,000) one thousand hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government. It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Sections 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994. The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of nine persons.

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**V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF) (CONTINUED)**

**B. Pension Benefits**

Beginning January 1, 1997, employees attaining the age of sixty-two years may retire with full benefits with eight or more years of creditable service. The monthly benefit for County Employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar formula, targeted replacement ratio formula, and prior plan's formula). A death benefit of \$10,000 will be paid to the designated beneficiary of every active member upon his or her death.

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age fifty-five with reduced benefit is allowed for the law enforcement, all other departments in the county the age is sixty.

Any member with less than eight years of creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, P.O. Box 2271, 2121 Schotthill Road, Jefferson City, MO 65101, or by calling 1-573-632-9203.

**C. Funding Policy**

In accordance with State Statutes, the Plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 have an option to contribute 2% of their annual salary, while employees hired after February 2002 are required to contribute 4% of their annual salary in order to participate in the CERF. During 2007 and 2006, the Primary Government collected and remitted to CERF, employee contributions of approximately for \$19,680.02 and \$19,841.28, respectively, for the years then ended.

**VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)**

**A. Plan Description**

Iron County participates in the Missouri Local Government Employees Retirement System (LAGERS) an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS a created and is governed by statute, section RSMO. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly.

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**VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)  
(CONTINUED)**

**A. Plan Description (continued)**

The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt. The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

**B. Funding Policy**

Iron County's full time employees contribute 4% of their gross pay to the pension plan. The political subdivision is required by state statute to contribute at an actuarially determined rate; the current rate is 0.4% (general) and 0.4% (police) of annual covered payroll for 2007. The 2006 rate was 0.7 % (general) and 0.7% (police). The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

**C. Annual Pension Cost**

For 2007, the political subdivision's annual pension cost of \$50,146 was equal to the required and actual contributions. The required contribution was determined as part of the February 29, 2005 and /or February 28, 2006 annual actuarial valuation using the entry age actuarial cost method. For 2006, the political subdivision's annual pension cost of \$46,261 was equal to the required and actual contributions. The required contribution was determined as part of February 28, 2004 and/or February 29, 2005 annual valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5 percent per year, compounded annually, (b) projected salary increases of 4.0 percent per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0 percent to 6.0 percent per year, depending on age, attributable to seniority/merit, (d) pre-retirement mortality based on RP 2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality Table projected to 2000 set back 1 year for men and 7 years for women.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2006 and 2007, was 15 years.

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**VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)  
(CONCLUDED)**

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
6/30/2005	\$ 47,262	100%	\$ 0
6/30/2006	46,261	100%	0
6/30/2007	50,146	100%	0

REQUIRED SUPPLEMENTARY INFORMATION  
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2005	\$2,311,559	\$ 1,465,657	\$ (845,902)	158%	\$ 1,010,856	0%
2/28/2006	2,471,120	1,533,433	(937,687)	161%	967,036	0%
2/28/2007	2,772,402	1,740,019	(1,032,383)	159%	1,096,001	0%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

**VII. PROSECUTING ATTORNEY RETIREMENT FUND**

In accordance with state statute Chapter 56.807 RSMo, the Primary Government contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The Primary Government has contributed \$2,244 and \$2,244, respectively, for the years ended December 31, 2007 and 2006.

**VIII. POST EMPLOYMENT BENEFITS**

The Primary Government does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the Primary Government.

THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 & 2006

**IX. CLAIMS COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

The Primary Government is involved in pending litigation at December 31, 2007.

**B. Compensated Absences**

The Primary Government provides employees with annual leave. Each employee is entitled to five days annual leave after one year of employment, is entitled to ten days annual leave after two years of employment and fifteen days after ten years of employment. Annual leave may not be accumulated in excess of leave accrued over two years. Sick time is accrued at ½ day for each full month employed, which may accumulate up to 40 days. An employee is not reimbursed for unused sick time upon termination of employment. Employees are entitled up to three days leave for a death in the immediate family. These have not been subjected to auditing procedures.

**C. Federal and State Assisted Programs**

The Primary Government has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

**X. RISK MANAGEMENT**

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.70 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.



## **REQUIRED SUPPLEMENTARY INFORMATION**

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 MODIFIED CASH BASIS- BUDGET AND ACTUAL -GENERAL FUND  
 UNAUDITED  
 FOR THE YEARS ENDED

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Over (Under) Final Budget	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final			Original	Final		
REVENUES:								
Property taxes	513,400.00	513,400.00	514,594.25	1,194.25	472,900.00	472,900.00	495,656.96	22,756.96
Sales tax	350,000.00	350,000.00	358,683.96	8,683.96	370,000.00	370,000.00	330,952.23	(39,047.77)
Intergovernmental revenues	437,924.00	437,924.00	370,203.31	(67,720.69)	262,224.00	262,224.00	207,138.77	(55,085.23)
Charges for services	256,000.00	256,000.00	234,573.72	(21,426.28)	246,900.00	246,900.00	252,805.07	5,905.07
Grants, distributions and reimbursements	-	-	-	-	-	-	-	-
Fees, licenses and permits	-	-	-	-	-	-	-	-
Interests	15,000.00	15,000.00	5,043.36	(9,956.64)	12,100.00	12,100.00	10,710.65	(1,389.35)
Other	-	-	82,300.00	82,300.00	102,000.00	102,000.00	119,487.82	17,487.82
Total Revenues	1,572,324.00	1,572,324.00	1,565,398.60	(6,925.40)	1,466,124.00	1,466,124.00	1,416,751.50	(49,372.50)
EXPENDITURES:								
Current:								
General county government	523,074.00	523,074.00	498,686.26	(24,387.74)	522,858.00	522,858.00	533,690.93	10,832.93
Financial Administration	112,735.00	112,735.00	114,212.25	1,477.25	103,265.00	103,265.00	105,132.78	1,867.78
Other offices & grants	308,803.00	308,803.00	248,791.79	(60,011.21)	192,800.00	192,800.00	224,469.67	31,669.67
Health and Welfare	-	-	-	-	-	-	-	-
Property Valuation and Recording:	-	-	-	-	-	-	-	-
Administration of Justice and Law	685,122.00	685,122.00	707,775.04	22,653.04	701,637.00	701,637.00	716,629.57	14,992.57
Capital Outlay:								
Construction of roads and bridges	-	-	-	-	-	-	-	-
Property, equipment and buildings	-	-	-	-	-	-	-	-
Total Expenditures	1,629,734.00	1,629,734.00	1,569,465.34	(60,268.66)	1,520,560.00	1,520,560.00	1,579,922.95	59,362.95
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(57,410.00)	(57,410.00)	(4,066.74)	53,343.26	(54,436.00)	(54,436.00)	(163,171.45)	(108,735.45)
OTHER FINANCING SOURCES (USES):								
Transfers in	45,000.00	45,000.00	45,000.00	-	42,000.00	42,000.00	82,000.00	40,000.00
Transfers out	(16,372.00)	(16,372.00)	(42,372.00)	(26,000.00)	(12,000.00)	(12,000.00)	(12,000.00)	-
Emergency Fund	(30,000.00)	(30,000.00)		30,000.00	(30,000.00)	(30,000.00)		30,000.00
Debt Service								
Principal payment	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(1,372.00)	(1,372.00)	2,628.00	4,000.00	0.00	0.00	70,000.00	70,000.00
NET CHANGE IN FUND BALANCE	(58,782.00)	(58,782.00)	(1,438.74)	57,343.26	(54,436.00)	(54,436.00)	(93,171.45)	(38,735.45)
FUND BALANCE - BEGIN OF YEAR	67,193.72	67,193.72	67,193.72	-	160,365.17	160,365.17	160,365.17	-
FUND BALANCE - END OF YEAR	8,411.72	8,411.72	65,754.98	57,343.26	105,929.17	105,929.17	67,193.72	(38,735.45)

See accompanying independent auditors' report

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 DEPARTMENTAL SCHEDULE OF EXPENDITURES  
 MODIFIED CASH BASIS-BUDGET AND ACTUAL-GENERAL FUND  
 UNAUDITED  
 FOR THE YEARS ENDED

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Over (Under) Final Budget	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final			Original	Final		
EXPENDITURES:								
Current:								
General County Government:								
County Commission	\$ 110,680.00	110,680.00	103,269.42	\$ (7,410.58)	\$ 78,289.00	78,289.00	93,385.13	\$ 15,096.13
County Clerk	83,450.00	83,450.00	70,900.62	(12,549.38)	92,545.00	92,545.00	90,072.61	(2,472.39)
Elections	7,500.00	7,500.00	7,439.85	(60.15)	26,050.00	26,050.00	26,307.86	257.86
Buildings and grounds	132,700.00	132,700.00	129,198.74	(3,501.26)	127,480.00	127,480.00	144,711.11	17,231.11
Employee fringe benefits	188,744.00	188,744.00	187,877.63	(866.37)	198,494.00	198,494.00	179,214.22	(19,279.78)
Other Expenses	-	-	-	-	-	-	-	-
	523,074.00	523,074.00	498,686.26	(24,387.74)	522,858.00	522,858.00	533,690.93	10,832.93
Financial Administration:								
Collector	71,485.00	71,485.00	73,365.97	1,880.97	71,957.00	71,957.00	75,074.63	3,117.63
Treasurer	41,250.00	41,250.00	40,846.28	(403.72)	31,308.00	31,308.00	30,058.15	(1,249.85)
	112,735.00	112,735.00	114,212.25	1,477.25	103,265.00	103,265.00	105,132.78	1,867.78
Other Offices & Grants								
Other Offices & Grants	308,803.00	308,803.00	248,791.79	(60,011.21)	192,800.00	192,800.00	224,469.67	31,669.67
	308,803.00	308,803.00	248,791.79	(60,011.21)	192,800.00	192,800.00	224,469.67	31,669.67
Health & Welfare								
Non-Institutional Care	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

See accompanying independent auditors' report

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 DEPARTMENTAL SCHEDULE OF EXPENDITURES  
 MODIFIED CASH BASIS-BUDGET AND ACTUAL-GENERAL FUND (CONTINUED)  
 UNAUDITED  
 FOR THE YEARS ENDED

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Over (Under) Final Budget	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final			Original	Final		
Property Valuation and Recording: Recorder of Deeds	-	-	-	-	-	-	-	-
Administration of Justice and Law Enforcement:								
Associate Circuit	7,725.00	7,725.00	6,666.32	(1,058.68)	5,725.00	5,725.00	4,038.48	(1,686.52)
Circuit Clerk	28,820.00	28,820.00	31,287.63	2,467.63	27,020.00	27,020.00	30,170.70	3,150.70
Children's Detention Home	-	-	-	-	-	-	-	-
Associate Circuit - (Probate)	-	-	-	-	-	-	-	-
Court Administrator	16,464.00	16,464.00	9,642.51	(6,821.49)	16,382.00	16,382.00	8,176.15	(8,205.85)
Dispatch	-	-	-	-	-	-	-	-
Circuit Judges & Court Reporters	-	-	-	-	-	-	-	-
Jail	74,925.00	74,925.00	96,481.08	21,556.08	76,175.00	76,175.00	93,533.47	17,358.47
Jury Script	-	-	-	-	-	-	-	-
Justice Center	-	-	-	-	-	-	-	-
Juvenile Office	31,753.00	31,753.00	31,753.00	-	31,396.00	31,396.00	31,396.00	-
Lincoln County Rescue Squad	-	-	-	-	-	-	-	-
Medical Examiner	13,939.00	13,939.00	13,193.30	(745.70)	13,200.00	13,200.00	12,958.54	(241.46)
Sheriffs Office	377,846.00	377,846.00	386,367.53	8,521.53	395,050.00	395,050.00	409,985.01	14,935.01
Drug Task Force	-	-	-	-	-	-	-	-
Patrol Cars	-	-	-	-	-	-	-	-
Prosecuting Attorney	89,700.00	89,700.00	89,019.08	(680.92)	92,439.00	92,439.00	75,320.36	(17,118.64)
Prosecuting Attorney Retirement	-	-	-	-	-	-	-	-
Public Administrator	43,950.00	43,950.00	43,364.59	(585.41)	44,250.00	44,250.00	51,050.86	6,800.86
	685,122.00	685,122.00	707,775.04	22,653.04	701,637.00	701,637.00	716,629.57	14,992.57
Debt Service:								
Principal payments	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Other charges	-	-	-	-	-	-	-	-
Capital Outlay:								
Property, Equipment & Buildings	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total Expenditures	\$ 1,629,734.00	1,629,734.00	1,569,465.34	(60,268.66)	\$ 1,520,560.00	1,520,560.00	1,579,922.95	59,362.95

See accompanying independent auditors' report

THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
MODIFIED CASH BASIS-SPECIAL REVENUE MAJOR FUND-BUDGET AND ACTUAL  
ROAD AND BRIDGE FUND UNAUDITED  
FOR THE YEARS ENDED

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Over (Under) Final Budget	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final			Original	Final		
REVENUES:								
Property tax	488,500.00	488,500.00	485,999.72	(2,500.28)	445,000.00	445,000.00	469,551.38	24,551.38
Sales tax	-	-	-	-	-	-	-	-
Intergovernmental revenue	526,675.00	526,675.00	494,252.09	(32,422.91)	602,600.00	602,600.00	464,804.32	(137,795.68)
Charges for services	-	-	-	-	-	-	-	-
Grants, distributions and reimbursements	-	-	-	-	-	-	65,335.51	65,335.51
Fees, licenses and permits	-	-	-	-	-	-	-	-
Interest	15,000.00	15,000.00	10,555.47	(4,444.53)	13,000.00	13,000.00	13,379.71	379.71
Other	585,000.00	585,000.00	93,206.78	(491,793.22)	509,000.00	509,000.00	39,184.96	(469,815.04)
Total Revenues	1,615,175.00	1,615,175.00	1,084,014.06	(531,160.94)	1,569,600.00	1,569,600.00	1,052,255.88	(517,344.12)
EXPENDITURES:								
Current:								
Salaries	370,000.00	370,000.00	382,163.47	12,163.47	370,000.00	370,000.00	373,718.94	3,718.94
Employee Fringe Benefits	113,800.00	113,800.00	136,023.77	22,223.77	103,500.00	103,500.00	112,755.71	9,255.71
Supplies	114,500.00	114,500.00	116,927.11	2,427.11	115,000.00	115,000.00	109,395.79	(5,604.21)
Property and Equipment Insurance	32,500.00	32,500.00	32,532.07	32.07	30,000.00	30,000.00	28,947.70	(1,052.30)
Equipment Repairs	50,500.00	50,500.00	75,359.53	24,859.53	50,400.00	50,400.00	62,129.93	11,729.93
Rentals	3,000.00	3,000.00	418.96	(2,581.04)	5,000.00	5,000.00	320.00	(4,680.00)
Maintenance of Roads:								
Highway and Roads	200,000.00	200,000.00	155,601.08	(44,398.92)	200,000.00	200,000.00	228,537.51	28,537.51
Other	85,500.00	85,500.00	47,902.19	(37,597.81)	77,550.00	77,550.00	45,321.94	(32,228.06)
Capital Outlay:								
Construction of roads and bridges	450,000.00	450,000.00	36,136.70	(413,863.30)	500,000.00	500,000.00		(500,000.00)
Property, equipment & buildings	164,000.00	164,000.00	224,449.68	60,449.68	164,000.00	164,000.00	196,353.05	32,353.05
Total Expenditures	1,583,800.00	1,583,800.00	1,207,514.56	(376,285.44)	1,615,450.00	1,615,450.00	1,157,480.57	(457,969.43)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	31,375.00	31,375.00	(123,500.50)	(154,875.50)	(45,850.00)	(45,850.00)	(105,224.69)	(59,374.69)
OTHER FINANCING SOURCES(USES):								
Transfers in	-	-	26,000.00	26,000.00	-	-	60,000.00	60,000.00
Transfers out	(30,000.00)	(30,000.00)	(30,000.00)	-	(30,000.00)	(30,000.00)	(30,000.00)	-
Debt Service								
Total Other Financing Sources (Uses)	(30,000.00)	(30,000.00)	(4,000.00)	26,000.00	(30,000.00)	(30,000.00)	30,000.00	60,000.00
NET CHANGE IN FUND BALANCE	1,375.00	1,375.00	(127,500.50)	(128,875.50)	(75,850.00)	(75,850.00)	(75,224.69)	625.31
FUND BALANCE - BEGINNING OF YEAR	130,436.71	130,436.71	130,436.71	-	205,661.40	205,661.40	205,661.40	-
FUND BALANCE - END OF YEAR	131,811.71	131,811.71	2,936.21	(128,875.50)	129,811.40	129,811.40	130,436.71	625.31

See accompanying independent auditors' report

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND - BUDGET AND ACTUAL  
 HOSPITAL SALES TAX FUND - UNAUDITED  
 FOR THE YEARS ENDED

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Over (Under) Final Budget	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final			Original	Final		
REVENUES:								
Property tax	-	-	-	-	-	-	-	-
Sales tax	-	-	343,047.15	343,047.15	-	-	341,039.11	341,039.11
Intergovernmental revenue	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Grants, distributions and reimbursements	-	-	-	-	-	-	-	-
Fees, licenses and permits	-	-	-	-	-	-	-	-
Interest	-	-	3,225.37	3,225.37	-	-	1,713.94	1,713.94
Other	-	-	-	-	-	-	-	-
Total Revenues	-	-	346,272.52	346,272.52	-	-	342,753.05	342,753.05
EXPENDITURES:								
Capital Outlay:								
Property, Equipment & Buildings	-	-	-	-	-	-	-	-
Construction of Hospital	-	-	285,957.64	285,957.64	-	-	-	-
Total Expenditures	-	-	285,957.64	285,957.64	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	60,314.88	60,314.88	-	-	342,753.05	342,753.05
OTHER FINANCING SOURCES(USES):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Debt Service								
Principle	-	-	-	-	-	-	(245,341.04)	(245,341.04)
Interest	-	-	-	-	-	-	(54,804.54)	(54,804.54)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	(300,145.58)	(300,145.58)
NET CHANGE IN FUND BALANCE	-	-	60,314.88	60,314.88	-	-	42,607.47	42,607.47
FUND BALANCE - BEGINNING OF YEAR	-	-	71,528.92	71,528.92	-	-	28,921.45	28,921.45
FUND BALANCE - END OF YEAR	-	-	131,843.80	131,843.80	-	-	71,528.92	71,528.92

See accompanying independent auditors' report

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND - BUDGET AND ACTUAL  
 MISSOURI FOUNDATION FOR HEALTH FUND - UNAUDITED  
 FOR THE YEARS ENDED

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Over (Under) Final Budget	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final			Original	Final		
REVENUES:								
Property tax	-	-	-	-	-	-	-	-
Sales Tax	-	-	-	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Grants, distributions and reimbursements	-	-	20,113.00	20,113.00	-	-	998,267.00	998,267.00
Fees, Licenses & Permits	-	-	-	-	-	-	-	-
Hospital Construction Reimbursement	-	-	-	-	-	-	-	-
Interest	-	-	1,004.59	1,004.59	-	-	2,334.91	2,334.91
Other	-	-	-	-	-	-	-	-
Total Revenues	-	-	21,117.59	21,117.59	-	-	1,000,601.91	1,000,601.91
EXPENDITURES:								
Current:								
Consulting	-	-	40,914.61	40,914.61	-	-	32,450.00	32,450.00
Fees	-	-	2,000.00	2,000.00	-	-	7,294.06	7,294.06
General Government	-	-	-	-	-	-	-	-
Road and Bridge	-	-	-	-	-	-	-	-
Capital Outlay:								
Property, Equipment & Buildings	-	-	32,261.83	32,261.83	-	-	513,067.70	513,067.70
Hospital Construction	-	-	-	-	-	-	35,065.78	35,065.78
Total Expenditures	-	-	75,176.44	75,176.44	-	-	587,877.54	587,877.54
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(54,058.85)	(54,058.85)	-	-	412,724.37	412,724.37
OTHER FINANCING SOURCES(USES):								
Transfers in	-	-	200,000.00	200,000.00	-	-	-	-
Transfers out	-	-	(333,903.32)	(333,903.32)	-	-	(200,000.00)	(200,000.00)
Debt Service								
Principal Payment	-	-	(15,282.44)	(15,282.44)	-	-	-	-
Interest	-	-	(9,479.76)	(9,479.76)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(158,665.52)	(158,665.52)	-	-	(200,000.00)	(200,000.00)
NET CHANGE IN FUND BALANCE	-	-	(212,724.37)	(212,724.37)	-	-	212,724.37	212,724.37
FUND BALANCE - BEGINNING OF YEAR	-	-	212,724.37	212,724.37	-	-	-	-
FUND BALANCE - END OF YEAR	-	-	-	-	-	-	212,724.37	212,724.37

See accompanying independent auditors' report

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND - BUDGET AND ACTUAL  
 HOSPITAL CONSTRUCTION FUND - UNAUDITED  
 FOR THE YEARS ENDED

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Over (Under) Final Budget	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final			Original	Final		
REVENUES:								
Property tax	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Loans	-	-	700,000.00	700,000.00	-	-	6,563,300.00	6,563,300.00
Grants, distributions and reimbursements	-	-	987,727.68	987,727.68	-	-	-	-
Fees, licenses and permits	-	-	240,605.32	240,605.32	-	-	-	-
Interest	-	-	3,305.69	3,305.69	-	-	5,482.39	5,482.39
Other	-	-	-	-	-	-	-	-
Total Revenues	-	-	1,931,638.69	1,931,638.69	-	-	6,568,782.39	6,568,782.39
EXPENDITURES:								
Current:								
Hospital Construction	-	-	1,948,345.52	1,948,345.52	-	-	7,128,587.07	7,128,587.07
Capital Outlay:								
Property, Equipment & Buildings	-	-	-	-	-	-	-	-
Total Expenditures	-	-	1,948,345.52	1,948,345.52	-	-	7,128,587.07	7,128,587.07
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(16,706.83)	(16,706.83)	-	-	(559,804.68)	(559,804.68)
OTHER FINANCING SOURCES(USES):								
Transfers in	-	-	333,903.32	333,903.32	-	-	100,000.00	100,000.00
Transfers out	-	-	(200,000.00)	(200,000.00)	-	-	-	-
Debt Service								
Principle	-	-	-	-	-	-	(115,000.00)	(115,000.00)
Interest	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	133,903.32	133,903.32	-	-	(15,000.00)	(15,000.00)
NET CHANGE IN FUND BALANCE	-	-	117,196.49	117,196.49	-	-	(574,804.68)	(574,804.68)
FUND BALANCE - BEGINNING OF YEAR	-	-	1,017.77	1,017.77	-	-	575,822.45	575,822.45
FUND BALANCE - END OF YEAR	-	-	118,214.26	118,214.26	-	-	1,017.77	1,017.77

See accompanying independent auditors' report



THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2007 & 2006

Budgets and Budgetary Accounting

The Primary Government follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the Primary Government adopts a budget for each governmental fund.
2. On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning the following January 1. The proposed budget included estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

During our audit we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. During the year December 31, 2007, there was an instance of noncompliance because the actual expenditures exceeded the budgeted expenditures in the General Fund.

4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.
5. Prior to February 1 the budget is legally enacted by a vote of the County Commission.
6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

7. Budgets are prepared and adopted on the cash basis of accounting.

## **SUPPLEMENTARY INFORMATION**

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS -  
 NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
 DECEMBER 31, 2007

	Assessment Fund	Marriage License Fund	Law Enforcement Training Fund	Prosecuting Attorney Bad Check Fund	Surplus Fund	Prosecuting Attorney Training Fund	Unclaimed Fees Fund	Record Preservsation Fund	Recorders Technical Fund	Sheriff's Civil Fund	Sheriff's Special Fund
ASSETS											
Cash and Cash Equivalents	28,318.73	494.79	1,706.50	12,144.62	39,706.84	5,207.55	5,978.06	1,665.96	19,605.50	1,591.58	1,807.30
TOTAL ASSETS	<u>28,318.73</u>	<u>494.79</u>	<u>1,706.50</u>	<u>12,144.62</u>	<u>39,706.84</u>	<u>5,207.55</u>	<u>5,978.06</u>	<u>1,665.96</u>	<u>19,605.50</u>	<u>1,591.58</u>	<u>1,807.30</u>
LIABILITIES AND FUND BALANCES											
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	<u>28,318.73</u>	<u>494.79</u>	<u>1,706.50</u>	<u>12,144.62</u>	<u>39,706.84</u>	<u>5,207.55</u>	<u>5,978.06</u>	<u>1,665.96</u>	<u>19,605.50</u>	<u>1,591.58</u>	<u>1,807.30</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>28,318.73</u>	<u>494.79</u>	<u>1,706.50</u>	<u>12,144.62</u>	<u>39,706.84</u>	<u>5,207.55</u>	<u>5,978.06</u>	<u>1,665.96</u>	<u>19,605.50</u>	<u>1,591.58</u>	<u>1,807.30</u>

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS -  
 NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
 DECEMBER 31, 2007

	Sheriff's Revolving Fund	Tax Maintenance Fund	Election Services Fund	Audio Fund	Emergency Radio Fund	Drug Court Fund	COWLANF Restoration Fund	Total
ASSETS								
Cash and Cash Equivalents	2,022.45	7,466.93	1,240.91	58.30	7,383.67	3,991.92	19,211.17	159,602.78
TOTAL ASSETS	<u>2,022.45</u>	<u>7,466.93</u>	<u>1,240.91</u>	<u>58.30</u>	<u>7,383.67</u>	<u>3,991.92</u>	<u>19,211.17</u>	<u>159,602.78</u>
LIABILITIES AND FUND BALANCES								
TOTAL LIABILITIES	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	<u>2,022.45</u>	<u>7,466.93</u>	<u>1,240.91</u>	<u>58.30</u>	<u>7,383.67</u>	<u>3,991.92</u>	<u>19,211.17</u>	<u>159,602.78</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>2,022.45</u>	<u>7,466.93</u>	<u>1,240.91</u>	<u>58.30</u>	<u>7,383.67</u>	<u>3,991.92</u>	<u>19,211.17</u>	<u>159,602.78</u>

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 COMBINING STATEMENT OF REVENUE, EXPEDITURES, AND CHANGES IN FUND BALANCES  
 MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS ( SPECIAL REVENUE FUNDS)  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Assessment Fund	Marriage License Fund	Law Enforcement Training Fund	Prosecuting Attorney Bad Check Fund	Surplus Fund	Prosecuting Attorney Training Fund	Unclaimed Fees Fund	Record Preservation Fund	Recorders Technical Fund	Sheriff's Civil Fund	Sheriff's Special Fund	Sheriff's Revolving Fund
REVENUES:												
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental Revenue	176,437.62	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-	-	-	-	-
Grants, distributions and reimbursements	-	-	-	-	-	-	-	-	-	-	-	-
Fees, licenses and permits	-	385.00	1,016.22	16,113.58	26,838.84	326.90	2,213.75	4,752.00	2,647.50	15,297.24	4,095.60	3,581.00
Interest	1,705.28	28.09	38.35	436.92	1,253.03	179.62	224.48	29.50	665.96	214.65	-	94.34
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	178,142.90	413.09	1,054.57	16,550.50	28,091.87	506.52	2,438.23	4,781.50	3,313.46	15,511.89	4,095.60	3,675.34
EXPENDITURES												
General government	166,270.50	-	-	12,800.42	19,843.42	-	-	-	-	-	-	-
Administration of Justice and Law	-	-	562.50	-	-	458.73	-	-	-	-	5,576.84	-
Permits, Licenses & Fees	-	500.00	-	-	-	-	842.16	-	-	-	-	-
Highways and roads	-	-	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Principal, interest and fiscal fees	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay:												
Construction of roads and bridges	-	-	-	-	-	-	-	-	-	-	-	-
Future capital improvements	-	-	-	-	-	-	-	-	-	-	-	-
Property, equipment and buildings	-	-	-	-	-	-	-	3,546.89	-	-	-	3,291.05
Debt Service												
Principal payment	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	166,270.50	500.00	562.50	12,800.42	19,843.42	458.73	842.16	3,546.89	-	-	5,576.84	3,291.05
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,872.40	(86.91)	492.07	3,750.08	8,248.45	47.79	1,596.07	1,234.61	3,313.46	15,511.89	(1,481.24)	384.29
OTHER FINANCING SOURCES (USES):												
Transfers in	16,372.00	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(15,000.00)	-	-
Total Other Financing Sources (Uses)	16,372.00	-	-	-	-	-	-	-	-	(15,000.00)	-	-
NET CHANGE IN FUND BALANCES	28,244.40	(86.91)	492.07	3,750.08	8,248.45	47.79	1,596.07	1,234.61	3,313.46	511.89	(1,481.24)	384.29
FUND BALANCES - BEGINNING OF YEAR	74.33	581.70	1,214.43	8,394.54	31,458.39	5,159.76	4,381.99	431.35	16,292.04	1,079.69	3,288.54	1,638.16
FUND BALANCES - END OF YEAR	28,318.73	494.79	1,706.50	12,144.62	39,706.84	5,207.55	5,978.06	1,665.96	19,605.50	1,591.58	1,807.30	2,022.45

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 COMBINING STATEMENT OF REVENUE, EXPEDITURES, AND CHANGES IN FUND BALANCES  
 MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS ( SPECIAL REVENUE FUNDS)  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Election Services Fund	Tax Maintenance Fund	Audio Fund	Emergency Radio Fund	Drug Court Fund	COLAWN Restitution Fund	Total
REVENUES:							
Property taxes	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-
Intergovernmental Revenue	-	-	-	-	-	-	176,437.62
Charges for Services	-	-	-	-	-	-	-
Grants, distributions and reimbursements	-	-	-	-	-	-	-
Fees, licenses and permits	1,225.90	11,199.61	248.50	-	27,086.31	12,679.44	129,707.39
Interest	28.46	558.61	14.04	-	435.43	532.95	6,439.71
Contributions	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Revenues	<u>1,254.36</u>	<u>11,758.22</u>	<u>262.54</u>	<u>-</u>	<u>27,521.74</u>	<u>13,212.39</u>	<u>312,584.72</u>
EXPENDITURES							
General government	-	14,629.84	474.16	-	-	12,988.64	227,006.98
Public Safety	-	-	-	-	35,457.22	-	42,055.29
Permits, Licenses & Fees	-	-	-	-	-	-	1,342.16
Highways and roads	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Principal, interest and fiscal fees	-	-	-	-	-	-	-
Capital Outlay:							
Construction of roads and bridges	-	-	-	-	-	-	-
Future capital improvements	-	-	-	-	-	-	-
Property, equipment and buildings	3,091.77	-	-	-	-	-	9,929.71
Debt Service							
Principal payment	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-	-
Total Expenditures	<u>3,091.77</u>	<u>14,629.84</u>	<u>474.16</u>	<u>-</u>	<u>35,457.22</u>	<u>12,988.64</u>	<u>280,334.14</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,837.41)	(2,871.62)	(211.62)	-	(7,935.48)	223.75	32,250.58
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	-	16,372.00
Transfers out	-	-	-	-	-	-	(15,000.00)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,372.00</u>
NET CHANGE IN FUND BALANCES	(1,837.41)	(2,871.62)	(211.62)	-	(7,935.48)	223.75	33,622.58
FUND BALANCES - BEGINNING OF YEAR	<u>3,078.32</u>	<u>10,338.55</u>	<u>269.92</u>	<u>7,383.67</u>	<u>11,927.40</u>	<u>18,987.42</u>	<u>125,980.20</u>
FUND BALANCES - END OF YEAR	<u><u>1,240.91</u></u>	<u><u>7,466.93</u></u>	<u><u>58.30</u></u>	<u><u>7,383.67</u></u>	<u><u>3,991.92</u></u>	<u><u>19,211.17</u></u>	<u><u>159,602.78</u></u>

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 COMBINING BALANCE SHEET -MODIFIED CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
 DECEMBER 31, 2006

	Assessment Fund	Marriage License Fund	Law Enforcement Training Fund	Prosecuting Attorney Bad Check Fund	Surplus Fund	Prosecuting Attorney Training Fund	Unclaimed Fees Fund	Record Preservsation Fund	Recorders Technical Fund	Sheriff's Civil Fund	Sheriff's Revolving Fund	Sheriff Special Fund
ASSETS												
Cash and Cash Equivalents	74.33	581.70	1,214.43	8,394.54	31,458.39	5,159.76	4,381.99	431.35	16,292.04	1,079.69	1,638.16	3,288.54
TOTAL ASSETS	<u>74.33</u>	<u>581.70</u>	<u>1,214.43</u>	<u>8,394.54</u>	<u>31,458.39</u>	<u>5,159.76</u>	<u>4,381.99</u>	<u>431.35</u>	<u>16,292.04</u>	<u>1,079.69</u>	<u>1,638.16</u>	<u>3,288.54</u>
LIABILITIES AND FUND BALANCES												
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
UNRESERVED FUND BALANCES	<u>74.33</u>	<u>581.70</u>	<u>1,214.43</u>	<u>8,394.54</u>	<u>31,458.39</u>	<u>5,159.76</u>	<u>4,381.99</u>	<u>431.35</u>	<u>16,292.04</u>	<u>1,079.69</u>	<u>1,638.16</u>	<u>3,288.54</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>74.33</u>	<u>581.70</u>	<u>1,214.43</u>	<u>8,394.54</u>	<u>31,458.39</u>	<u>5,159.76</u>	<u>4,381.99</u>	<u>431.35</u>	<u>16,292.04</u>	<u>1,079.69</u>	<u>1,638.16</u>	<u>3,288.54</u>

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 COMBINING BALANCE SHEET -MODIFIED CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
 DECEMBER 31, 2006

	<u>Election Services Fund</u>	<u>Tax Maintenance Fund</u>	<u>Audio Fund</u>	<u>Emergency Radio Fund</u>	<u>Drug Court Fund</u>	<u>COLAWN Restoration fund</u>	<u>Total</u>
ASSETS							
Cash and Cash Equivalents	3,078.32	10,338.55	269.92	7,383.67	11,927.40	18,987.42	125,980.20
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>3,078.32</u>	<u>10,338.55</u>	<u>269.92</u>	<u>7,383.67</u>	<u>11,927.40</u>	<u>18,987.42</u>	<u>125,980.20</u>
LIABILITIES AND FUND BALANCES							
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
UNRESERVED FUND BALANCES	<u>3,078.32</u>	<u>10,338.55</u>	<u>269.92</u>	<u>7,383.67</u>	<u>11,927.40</u>	<u>18,987.42</u>	<u>125,980.20</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>3,078.32</u>	<u>10,338.55</u>	<u>269.92</u>	<u>7,383.67</u>	<u>11,927.40</u>	<u>18,987.42</u>	<u>125,980.20</u>



THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 COMBINING STATEMENT OF REVENUE, EXPEDITURES, AND CHANGES IN FUND BALANCES  
 MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS ( SPECIAL REVENUE FUNDS)  
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Assessment Fund	Marriage License Fund	Law Enforcement Training Fund	Prosecuting Attorney Bad Check Fund	Surplus Fund	Prosecuting Attorney Training Fund	Unclaimed Fees Fund	Record Preservsation Fund	Recorders Technical Fund	Sheriff's Civil Fund	Sheriff's Special Fund	Sheriff's Revolving Fund
REVENUES:												
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental Revenue	148,355.99	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-	-	-	-	-
Grants, distributions and reimbursements	-	-	-	-	-	-	-	-	-	-	-	-
Fees, licenses and permits	-	500.00	905.36	11,891.24	8,493.36	301.40	1,404.76	4,546.00	2,716.25	12,849.19	5,376.98	-
Interest	1,170.88	28.02	77.74	351.18	1,177.33	186.76	510.46	15.31	556.64	230.50	-	99.04
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other	340.30	-	-	-	-	-	-	-	-	-	-	3,654.24
Total Revenues	149,867.17	528.02	983.10	12,242.42	9,670.69	488.16	1,915.22	4,561.31	3,272.89	13,079.69	5,376.98	3,753.28
EXPENDITURES												
General government	170,982.65	-	-	13,736.33	58,025.71	-	-	809.30	-	-	-	-
Administration of Justice and Law	-	-	3,502.96	-	-	-	-	-	-	-	4,659.63	-
Permits and Fees	-	500.00	-	-	-	-	12,616.10	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Principal, interest and fiscal fees	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay:												
Construction of roads and bridges	-	-	-	-	-	-	-	-	-	-	-	-
Future capital improvements	-	-	-	-	-	-	-	-	-	-	-	-
Property, equipment and buildings	-	-	-	-	-	-	-	3,320.66	-	-	-	6,400.00
Debt Service												
Principal payment	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	170,982.65	500.00	3,502.96	13,736.33	58,025.71	-	12,616.10	4,129.96	-	-	4,659.63	6,400.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(21,115.48)	28.02	(2,519.86)	(1,493.91)	(48,355.02)	488.16	(10,700.88)	431.35	3,272.89	13,079.69	717.35	(2,646.72)
OTHER FINANCING SOURCES (USES):												
Transfers in	12,000.00	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(12,000.00)	-	-
Total Other Financing Sources (Uses)	12,000.00	-	-	-	-	-	-	-	-	(12,000.00)	-	-
NET CHANGE IN FUND BALANCES	(9,115.48)	28.02	(2,519.86)	(1,493.91)	(48,355.02)	488.16	(10,700.88)	431.35	3,272.89	1,079.69	717.35	(2,646.72)
FUND BALANCES - BEGINNING OF YEAR	9,189.81	553.68	3,734.29	9,888.45	79,813.41	4,671.60	15,082.87	-	13,019.15	-	2,571.19	4,284.88
FUND BALANCES - END OF YEAR	74.33	581.70	1,214.43	8,394.54	31,458.39	5,159.76	4,381.99	431.35	16,292.04	1,079.69	3,288.54	1,638.16

THE COUNTY OF Iron  
 IRONTON, MISSOURI  
 (the Primary Government)  
 COMBINING STATEMENT OF REVENUE, EXPEDITURES, AND CHANGES IN FUND BALANCES  
 MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS ( SPECIAL REVENUE FUNDS)  
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Election Services Fund	Tax Maintenance Fund	Audio Fund	Emergency Radio Fund	Drug Court Fund	COLAWN Restitution Fund	Total
REVENUES:							
Property taxes	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-
Intergovernmental Revenue	-	-	-	-	-	-	148,355.99
Charges for Services	-	-	-	-	-	-	-
Grants, distributions and reimbursements	132,907.00	-	-	-	-	-	132,907.00
Fees, licenses and permits	-	10,669.30	196.00	-	23,723.08	26,963.79	110,536.71
Interest	925.67	295.64	6.01	-	-	-	5,631.18
Contributions	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	3,994.54
Total Revenues	<u>133,832.67</u>	<u>10,964.94</u>	<u>202.01</u>	<u>-</u>	<u>23,723.08</u>	<u>26,963.79</u>	<u>401,425.42</u>
EXPENDITURES							
General government	-	7,310.71	-	-	-	12,300.00	263,164.70
Public Safety	-	-	-	-	15,937.41	-	24,100.00
Highways and roads	-	-	-	-	-	-	13,116.10
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Principal, interest and fiscal fees	-	-	-	-	-	-	-
Capital Outlay:							
Construction of roads and bridges	-	-	-	-	-	-	-
Future capital improvements	-	-	-	-	-	-	-
Property, equipment and buildings	130,754.35	-	-	9,319.50	-	-	149,794.51
Debt Service							
Principal payment	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-	-
Total Expenditures	<u>130,754.35</u>	<u>7,310.71</u>	<u>-</u>	<u>9,319.50</u>	<u>15,937.41</u>	<u>12,300.00</u>	<u>450,175.31</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,078.32	3,654.23	202.01	(9,319.50)	7,785.67	14,663.79	(48,749.89)
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	-	12,000.00
Transfers out	-	-	-	-	-	-	(12,000.00)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	3,078.32	3,654.23	202.01	(9,319.50)	7,785.67	14,663.79	(48,749.89)
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>6,684.32</u>	<u>67.91</u>	<u>16,703.17</u>	<u>4,141.73</u>	<u>4,323.63</u>	<u>174,730.09</u>
FUND BALANCES - END OF YEAR	<u><u>3,078.32</u></u>	<u><u>10,338.55</u></u>	<u><u>269.92</u></u>	<u><u>7,383.67</u></u>	<u><u>11,927.40</u></u>	<u><u>18,987.42</u></u>	<u><u>125,980.20</u></u>

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 COMBINING STATEMENTS OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS  
 DECEMBER 31, 2007

	Cemetery Fund	PA Delinquent	Special Election	Schools	Iron County Collector - Checking	Sheriff's Fund	Law Library	Associate Circuit Court	Prosecuting Attorney	Recorder of Deeds	Circuit Clerk	Total
ASSETS												
Cash and Cash Equivalents	8,176.92	836.83	3,332.37	57,873.15	48,349.07	5,335.98	27,509.19	38,667.48	3,965.69	7,473.40	98,965.32	300,485.40
TOTAL ASSETS	8,176.92	836.83	3,332.37	57,873.15	48,349.07	5,335.98	27,509.19	38,667.48	3,965.69	7,473.40	98,965.32	300,485.40
LIABILITIES AND FUND BALANCES												
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	8,176.92	836.83	3,332.37	57,873.15	48,349.07	5,335.98	27,509.19	38,667.48	3,965.69	7,473.40	98,965.32	300,485.40
TOTAL LIABILITIES AND FUND BALANCES	8,176.92	836.83	3,332.37	57,873.15	48,349.07	5,335.98	27,509.19	38,667.48	3,965.69	7,473.40	98,965.32	300,485.40

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS -MODIFIED CASH BASIS  
 DECEMBER 31, 2006

	Cemetery Fund	PA Delinquent	Special Election	Schools	Iron County Collector - Checking	Sheriff's Fund	Law Library	Associate Circuit Court	Prosecuting Attorney	Recorder of Deeds	Circuit Clerk	Total
ASSETS												
Cash and Cash Equivalents	8,155.73	780.11	2,629.25	56,624.55	237,359.28	4,161.63	25,112.11	63,492.62	3,910.69	6,606.90	176,205.04	585,037.91
TOTAL ASSETS	8,155.73	780.11	2,629.25	56,624.55	237,359.28	4,161.63	25,112.11	63,492.62	3,910.69	6,606.90	176,205.04	585,037.91
LIABILITIES AND FUND BALANCES												
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	8,155.73	780.11	2,629.25	56,624.55	237,359.28	4,161.63	25,112.11	63,492.62	3,910.69	6,606.90	176,205.04	585,037.91
TOTAL LIABILITIES AND FUND BALANCES	8,155.73	780.11	2,629.25	56,624.55	237,359.28	4,161.63	25,112.11	63,492.62	3,910.69	6,606.90	176,205.04	585,037.91

## **STATE COMPLIANCE SECTION**

THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)  
SCHEDULE OF STATE FINDINGS  
DECEMBER 31, 2007 & 2006

**SCHEDULE OF STATE FINDINGS:**

1. For the year December 31, 2007 the actual expenditures exceeded the budgeted expenditures in the General Fund.
2. For the year ended December 31, 2006 and 2007, the County did not budget for the Hospital Sales Tax Fund, the Hospital Construction Fund or the Missouri Foundation for Health Fund.

## **FEDERAL COMPLIANCE SECTION**



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

To the County Commission  
The County of Iron, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The County of Iron, (the Primary Government), State of Missouri, as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the basic financial statements of the County's primary government, and have issued our modified cash basis report thereon dated July 28, 2008.

Our report which was modified because the Primary Government prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

We did not express an opinion on supplementary information required by the Governmental Accounting Standards Board. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Primary Government's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Primary Government's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Primary Government's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.



#### Internal Control Over Financial Reporting (concluded)

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 06/07-01, 06/07-02, 06/07-03 and 06/07-04 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. Additionally, we noted certain matters that we reported to management of the County in a separate report dated July 28, 2008.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information and use of the County Commission, County Officeholders, Missouri State Auditor, the Federal awarding agencies and pass-through entities and is not to be and should not be used by anyone other than those specified parties.

*Daniel Jones & Associates*

DANIEL JONES & ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

July 28, 2008

THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006

1. FINANCIAL STATEMENT FINDINGS

**06/07-01**

**Criteria:** Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 2006, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.

**Condition:** During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to financial statements.

**Effect:** Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 112 indicates that conditions necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.

**Cause:** Due to the short time frame for the implementation of the new SAS requirements, management did not prepare the financial statements or the notes to financial statements.

**Recommendation:** Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.

**Management's Response:** The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the county's annual budget document and annual financial statement. The county was not aware of new SAS requirements and questions if county governments of our size are required to comply with SAS standards.

**06/07-02**

**Criteria:** Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for period ending on or after December 15, 2006, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

**Condition:** Documentation of the County's internal controls has not been prepared.

**Effect:** The new SAS 112 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006

1. FINANCIAL STATEMENT FINDINGS (continued)

**Cause:** Due to the short time frame for the implementation of the new SAS requirements, the County did not prepare the required documentation.

**Recommendation:** We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

**Management's Response:** The County is willing to review this recommendation with the state auditor and the contract auditor to further understand the COSO internal controls. The county was not aware of new SAS requirements and questions if county governments of our size are required to comply with SAS standards.

06/07-03

**Criteria:** Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

**Condition:** During our audit, we noted there is no formal fraud risk assessment in place.

**Effect:** Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

**Cause:** Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

**Recommendation:** We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

**Management Response:** The County is willing to review this recommendation with the state auditor and the contract auditor to determine various risk assessments.

06/07-04

**Criteria:** The County did not prepare budgets for the Hospital Lease Fund, the Hospital Sales Tax Fund, the MFH Grant Fund and the Emergency Radio Fund for the years ended December 31, 2007 and 2006.

**Condition:** The state requires budgets for each of the County's funds.

1. FINANCIAL STATEMENT FINDINGS (concluded)

**Effect:** The County did not properly budget all funds.

**Cause:** Management did not create a budget for the Hospital Lease Fund, Hospital Sales Tax Fund, MFH Grant Fund or the Emergency Radio Fund.

**Recommendation:** We recommend that the county budgets all funds including the Hospital Lease Fund, the Hospital Sales Tax Fund, the MFH Grant Fund and the Emergency Radio Fund.

**Management Response:** The County has budgeted the accounts for which there was no budget for the year ending December 31, 2008.

2. FOLLOW-UP PRIOR YEAR FINDINGS

There were no prior year findings related to Government Auditing Standards for an audit of financial statements.

**THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)  
SINGLE AUDIT REPORT  
DECEMBER 31, 2007 & 2006**

THE COUNTY OF IRON  
IRONTON, MISSOURI  
(The Primary Government)  
SINGLE AUDIT REPORT

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the County Commission  
The County of Iron, Missouri

We have audited the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of the County of Iron, Missouri, as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Primary Government's basic financial statements, and have issued our modified cash basis report thereon dated July 28, 2008. Our report was modified because the County prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We did not express an opinion on supplementary information required by the Governmental Accounting Standards Board. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We considered the deficiencies FS 06/07-01, FS 06/07-02 FS 06/07-03 and FS 06/07-04, described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. Additionally, we noted certain matters that we reported to management of the Primary Government in a separate report dated July 28, 2008.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter date July 28, 2008. This report is intended solely for the information and use of the County Commission, County Officeholders, Missouri State Auditor, other audit agencies and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Daniel Jones & Associates*

DANIEL JONES & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

July 28, 2008





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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133

To the County Commission  
The County of Iron, Ironton Missouri

Compliance

We have audited the compliance of Iron County, (the Primary Government), State of Missouri, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2007 and December 31, 2006. The Primary Government major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Primary Government management. Our responsibility is to express an opinion on the Primary Government's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Primary Government's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Primary Government's compliance with those requirements.

In our opinion, the Primary Government complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007 and 2006. However, the results of our auditing procedures disclosed findings, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items SA-06-07-01, SA-06-07-02 and SA-06-07-03.

## Internal Control Over Compliance

The management of the Primary Government is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Primary Government's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Primary Government's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items SA-06-07-01, SA-06-07-02 and SA-06-07-03.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Primary Government's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Primary Government's response and, accordingly, we express no opinion on it.

## Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Primary Government as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 28, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Primary Government's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the County Commission, County Officeholders, Missouri State Auditor, the Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Daniel Jones & Associates*

DANIEL JONES & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

July 28, 2008

The County of Iron  
Ironton, Missouri  
(the Primary Government)  
Schedule of Expenditures of Federal Awards  
December 31, 2007 and 2006

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	2007 Federal Share of Expenditures	2006 Federal Share of Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Direct programs:				
10.766	Community Facilities Loan and Grants	Direct program	6,548,300.00	951,500.00
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	02LE11090505050		2,357.90
		03LE11090505040	1,575.00	-
16	Missouri Sheriffs' Association - Domestic Cannabis Eradication/Suppression Program	02LE11090505050	939.95	1,950.00
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
20.205	Highway and Transportation Commission - Highway Planning and Construction	BRO -B047(7) BRO -BO47(6)	15,473.00 19,963.00	
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property			
Passed through the Office of Secretary of State -				
39.011	Election Reform Payments			17,465.11
ELECTION ASSISTANCE COMMISSION				
Passed through the Office of Secretary of State -				
90.401	Help America Vote Act Requirements Payments	231S63L0000429	3,330.00	117,000.00
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed through State Department of Public Safety:				
97.004	State Domestic Preparedness Equipment Support Program			519.84
Total Expenditures of Federal Awards			6,589,580.95	1,090,792.85

THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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I. SUMMARY OF AUDITOR'S RESULTS

A. FINANCIAL STATEMENTS

1. Type of auditor's report issued: Unqualified Modified Cash Basis
2. Internal control over financial reporting:
  - a. Any material weakness(es) identified?      2007 ☐ Yes    ☒ No  
2006 ☐ Yes    ☒ No
  - b. Any significant deficiencies identified that  
are not considered to be material  
weaknesses?      2007 ☒ Yes    ☐ None Reported  
2006 ☒ Yes    ☐ None Reported
3. Any noncompliance material to financial  
statements noted?      2007 ☐ Yes    ☒ No  
2006 ☐ Yes    ☒ No

B. FEDERAL AWARDS

1. Internal control over major programs:  
Any material weakness(es) identified?      2007 ☐ Yes    ☒ No  
2006 ☐ Yes    ☒ No
2. Any significant deficiencies identified that are  
not considered to be material weaknesses?      2007 ☒ Yes    ☐ No  
2006 ☒ Yes    ☐ No
3. Type of auditor's report issued on  
compliance for major programs:      2007 Unqualified  
2006 Unqualified
4. Any audit findings disclosed that are  
required to be reported in accordance with  
section 510 (a) of Circular A-133?      2007 ☒ Yes    ☐ No  
2006 ☒ Yes    ☐ No



THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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II. FINANCIAL STATEMENT FINDINGS

A. FS 06/07-01

1. CRITERIA

Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 112, Communicating Internal Control Related Matters in an Audit, which is effective for periods ending on or after December 15, 2006, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.

2. CONDITION

During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to the financial statements.

3. EFFECT

Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 112 indicates that conditions which necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.

4. CAUSE

Due to the short time frame for the implementation of the new SAS requirements, management did not prepare the financial statements or the notes to financial statements.

5. RECOMMENDATION

Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.

6. MANAGEMENT'S RESPONSE

The County will consider the auditors' recommendation.



THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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II. FINANCIAL STATEMENT FINDINGS (continued)

B. FS 06/07-02

1. CRITERIA

Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for period ending on or after December 15, 2006, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

2. CONDITION

Documentation of the County's internal controls has not been prepared.

3. EFFECT

The new SAS 112 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

4. CAUSE

Due to the short time frame for the implementation of the new SAS requirements, the County did not prepare the required documentation.

5. RECOMMENDATION

We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

6. MANAGEMENT'S RESPONSE

The County will consider the auditors' recommendation.

THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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II. FINANCIAL STATEMENT FINDINGS (continued)

C. FS 06/07-03

1. CRITERIA

Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

2. CONDITION

During our audit, we noted there is no formal fraud risk assessment in place.

3. EFFECT

Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

4. CAUSE

Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

5. RECOMMENDATION

We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

6. MANAGEMENT'S RESPONSE

The County will consider the auditors' recommendation.

THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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II. FINANCIAL STATEMENT FINDINGS (concluded)

D. FS 06/07-04

1. CRITERIA

The County did not prepare budgets for the Hospital Lease Fund, the Hospital Sales Tax Fund, the MFH Grant Fund and the Emergency Radio Fund for the years ended December 31, 2007 and 2006

2. CONDITION

The state requires budgets for each of the County's funds.

3. EFFECT

The County did not properly budget all funds.

4. CAUSE

Management did not create a budget for the Hospital Lease Fund, Hospital Sales Tax Fund, MFH Grant Fund or the Emergency Radio Fund.

5. RECOMMENDATION

We recommend that the County prepare budgets for all funds including the Hospital Lease Fund, Hospital Sales Tax Fund, MFH Grant Fund or the Emergency Radio Fund.

6. MANAGEMENT'S RESPONSE

The County will consider the auditors' recommendation.

III. FOLLOW-UP PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

There were no prior year findings and questioned costs related to *Government Auditing Standards* for an audit of financial statements.

THE COUNTY OF IRON  
IRONTON, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007 & 2006

The following findings, recommendations, and questioned costs are the results of the single audit of Iron County, Missouri for the fiscal year ended December 31, 2007 and 2006. Each finding is referenced with a two-digit number representing the fiscal years audited, an "SA" to indicate that it is a single audit finding, and a sequential number. The findings are presented by federal program and are classified according to federal and state department, type of compliance requirement, category of internal control weakness, and category of noncompliance.

A. CATEGORY OF INTERNAL CONTROL WEAKNESS

If the finding represents a weakness in internal control, one of the following designations will appear:

1. SIGNIFICANT DEFICIENCY

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to administer a federal programs such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

2. MATERIAL WEAKNESS

A material weakness in internal control over compliance is a significant deficiency or combination of significant deficiencies that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

B. CATEGORY OF NONCOMPLIANCE FINDINGS

If the finding represents an instance of noncompliance, one of the following designations will appear:

1. MATERIAL NONCOMPLIANCE

A material noncompliance finding is a finding related to a major federal program which discusses conditions representing noncompliance with federal laws, regulations, contracts, or grants, the effects of which have a material effect in relation to a type of compliance requirement or audit objective identified in OMB Circular A-133 *Compliance Supplement*.

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 SCHEDULE OF FINDINGS & QUESTIONED COSTS  
 FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007 & 2006 (continued)

B. CATEGORY OF NONCOMPLIANCE FINDINGS (continued)

2. QUESTIONED COST FINDING

A questioned cost finding is a finding which discusses known or likely questioned costs that are greater than \$10,000 for a type of compliance requirement, unless the conditions giving rise to the questioned costs are otherwise reported as a material noncompliance finding.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

<u>FINDING NUMBER</u>	<u>TYPE OF FINDING / QUESTIONED COSTS</u>	<u>FINDINGS AND RECOMMENDATIONS</u>
SA 06-07-1	10.766 U.S. Department of Agriculture	Weakness in Control Over Expenditures In Compliance With Single Audit Requirements.
	Other Information: Significant Deficiency	The County did not properly maintain separate expense accounts to account for federal expenditures. To prepare the Schedule of Expenditures of Federal Awards (SEFA) report the County used revenues instead of expenditures. Because the program is reimbursement in nature, revenues equal expenditures.
		<b><u>Recommendation:</u></b> The County should track all federal expenditures in the general ledger system by adding a grant code at the end of the account code.
		<b><u>Agency Response:</u></b> The County agrees with this finding.

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 SCHEDULE OF FINDINGS & QUESTIONED COSTS  
 FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007 & 2006 (continued)

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 06-07-2	10.766 U.S. Department of Agriculture  Procurement and Suspension and Debarment: Significant Deficiency	<p>Required contracting procedures not followed.</p> <p>The County does not have procedures in place to ensure that it does not contract with prohibited parties in administering federal funds. As a result, there is an increased risk of federal funds being spent in violation of grant requirements.</p> <p>The Commissioners did not check the Excluded Parties List System maintained by the General Services Administration to verify that parties it contracted with were not on the prohibited list. However, we did not note any instances where the Board actually contracted with prohibited parties.</p> <p>The OMB Circular A-133 Compliance Supplement and 41 CFR 105-71.135 prohibit entities from contracting with parties that are on the prohibited list.</p> <p><b><u>Recommendation:</u></b> The Board should implement procedures to ensure that parties they contract with are not on the prohibited list.</p> <p><b><u>Agency Response:</u></b> The County agrees with this finding.</p>

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 SCHEDULE OF FINDINGS & QUESTIONED COSTS  
 FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007 & 2006 (continued)

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 06-07-3	10.766 U.S. Department of Agriculture  Other Information: Significant Deficiency	<p>Schedule of Expenditures of Federal Awards contained errors.</p> <p>Controls were not in place to ensure that the Schedule of Expenditures of Federal Awards (SEFA) was prepared in accordance with federal requirements. The OMB Circular A-133 requires that the SEFA provide total federal awards expended for each individual federal program. It states that the determination of when an award is expended should be based on when the activity related to the award occurs, such as when the expenditure takes place.</p> <p>The Schedule of Expenditures of Federal Awards (SEFA) was prepared with various errors. These errors are described below:</p> <ol style="list-style-type: none"> <li>1. The SEFA schedule contained several incorrect CFDA number for federal programs.</li> <li>2. Expenditures listed on the SEFA schedule submitted to the State Auditors Office were incorrect. Revenue was used to prepare the SEFA instead of expenditures. Actual expenditures were not agreed to the general ledger.</li> </ol> <p>A revised SEFA was submitted to the State Auditors Office, containing corrections for all errors described.</p>

THE COUNTY OF IRON  
 IRONTON, MISSOURI  
 (the Primary Government)  
 SCHEDULE OF FINDINGS & QUESTIONED COSTS  
 FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007 & 2006 (continued)

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 06-07-3	10.766 U.S. Department of Agriculture  Other Information: Significant Deficiency	<b><u>Recommendation:</u></b> The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's Office.  <b><u>Agency Response:</u></b> The Department agrees with this finding.

V. FOLLOW-UP PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS IN ACCORDANCE WITH OMB CIRCULAR A-133

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 04-05-1	Other Information: Significant Deficiency	<b><u>Unresolved:</u></b> The county does not have adequate procedures in place to track Federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA)





**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF  
MISSOURI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

July 28, 2008

To the County Commissioners  
Iron County of Missouri

In planning and performing our audit of the basic financial statements of the Iron County of Missouri as of and for the years ended December 31, 2007 and 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Our comments concerning internal control and other significant matters are presented as follows:

- I. Deficiencies Considered to be Significant
- II. Changes Impacting Governmental Organizations
- III. Information Required by Professional Standards

County's management has provided written responses to the comments in this report that were identified in our audit. These responses have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, board of trustees, and others within the County, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Daniel Jones & Associates*

Daniel Jones & Associates, P.C.  
Certified Public Accountants

## I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

06/07-01

**Criteria:** Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 2006, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.

**Condition:** During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to financial statements.

**Effect:** Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 112 indicates that conditions necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.

**Cause:** Due to the short time frame for the implementation of the new SAS requirements, management did not prepare the financial statements or the notes to financial statements.

**Recommendation:** Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.

**Management's Response:** The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the county's annual budget document and annual financial statement. The county was not aware of new SAS requirements and questions if county governments of our size are required to comply with SAS standards.

06/07-02

**Criteria:** Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for period ending on or after December 15, 2006, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

**Condition:** Documentation of the County's internal controls has not been prepared.

**Effect:** The new SAS 112 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

**Cause:** Due to the short time frame for the implementation of the new SAS requirements, the County did not prepare the required documentation.

**Recommendation:** We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

## I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT(Concluded)

**Management's Response:** The County is willing to review this recommendation with the state auditor and the contract auditor to further understand the COSO internal controls. The county was not aware of new SAS requirements and questions if county governments of our size are required to comply with SAS standards.

06/07-03

**Criteria:** Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

**Condition:** During our audit, we noted there is no formal fraud risk assessment in place.

**Effect:** Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

**Cause:** Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

**Recommendation:** We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

**Management Response:** The County is willing to review this recommendation with the state auditor and the contract auditor to determine various risk assessments.

06/07-04

**Criteria:** The County did not prepare budgets for the Hospital Lease Fund, the Hospital Sales Tax Fund, the MFH Grant Fund and the Emergency Radio Fund for the years ended December 31, 2007 and 2006.

**Condition:** The State requires budgets for each of the County's funds.

**Effect:** The County did not properly budget all funds.

**Cause:** Management did not create a budget for the Hospital Lease Fund, Hospital Sales Tax Fund, the MFH Grant Fund, and the Emergency Radio Fund.

**Recommendation:** We recommend that the County budgets all funds including the Hospital Lease Fund, Hospital Sales Tax Fund, the MFH Grant Fund, and the Emergency Radio Fund.

**Management Response:** The County has budgeted the funds for which there was no budget for the year ending December 31, 2008.

## II. CHANGES IMPACTING GOVERNMENTAL ORGANIZATIONS

- a. SAS 104 through 111, *Risk Assessment Standards*, are effective for fiscal periods beginning on or after December 15, 2006. These standards increase the auditors' responsibility and requirements, including a more extensive understanding of the organization and documentation of audit procedures.
- b. SAS 112, *Communication of Internal Control Matters*, is effective for fiscal periods ending on or after December 15, 2006. These standards change the definition of internal control deficiencies.
- c. SAS 114, *The Auditor's Communication with Those Charged with Governance*, is effective for fiscal periods beginning on or after December 15, 2006. This standard increases the auditors' responsibility to communicate information about audit planning, the client's accounting practices, and other significant matters.

## III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

### Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated July 28, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Iron County of Missouri. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Iron County of Missouri's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Iron County of Missouri are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the years ended December 31, 2007 and 2006. We noted no transactions entered into by the governmental unit during the years for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

### **III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Concluded)**

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 28, 2008.

#### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**IRON COUNTY SENATE BILL 40**  
**(A COMPONENT UNIT OF IRON COUNTY, MISSOURI)**  
**ANNUAL FINANCIAL REPORT AND**  
**INDEPENDENT AUDITORS' REPORTS**  
**DECEMBER 31, 2007 & 2006**

IRON COUNTY SENATE BILL 40  
(A COMPONENT UNIT OF IRON COUNTY, MISSOURI)  
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**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF  
MISSOURI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Iron County Senate Bill 40  
of Missouri

We have audited the accompanying basic financial statements of the Iron County Senate Bill 40 of Missouri, a component unit of Iron County, as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Senate Bill 40's financial statements as listed in the table of contents. These financial statements are the responsibility of the Iron County Senate Bill 40's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note I, the SB 40 prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As described in Note II the SB 40 has adopted the provisions of Governmental Accounting Standards Board Statement No. 40, "*Deposit and Investment Risk Disclosures*," as of and for the year ended December 31, 2006.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the Iron County Senate Bill 40 of Missouri as of December 31, 2007 and December 31, 2006, and the respective changes in financial position-modified cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note I.

The SB 40 has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting, has determined is necessary to supplement, although not required to be a part of, the basic financial statements.



In accordance with Government Auditing Standards, we have also issued our report dated August 12, 2008, on our consideration of the Iron County Senate Bill 40 of Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying required supplementary information, the budgetary comparisons on pages 11 and 12 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. The budgetary comparison information has been subjected to auditing procedures applied in the audit of the basic financial statements and , in our opinion, are fairly stated in al material respects, in relation to the basic financial statements taken as a whole.

*Daniel Jones & Associates*

DANIEL JONES & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

August 12, 2008



Daniel Jones  
& Associates  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF  
MISSOURI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

Board of Trustees  
Iron County Senate Bill 40 of Missouri

We have audited the basic financial statements of the Iron County Senate Bill 40 of Missouri, as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated August 12, 2008, which was modified because the SB 40 prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Iron County Senate Bill 40 of Missouri's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 06/07-01, 06/07-02, 06/07-03 and 06/07-04, described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. Additionally,

we noted certain matters that we reported to management of Iron County Senate Bill 40 of Missouri in a separate report dated August 12, 2008.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Iron County Senate Bill 40 of Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Board of Trustees and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Daniel Jones & Associates*

Daniel Jones & Associates  
Certified Public Accountants, P.C.

August 12, 2008

## **BASIC FINANCIAL STATEMENTS**

IRON COUNT SENATE BILL 40  
(A COMPONENT UNIT OF IRON COUNTY MISSOURI)  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE - MODIFIED CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

**ASSETS**

	<u>2007</u>	<u>2006</u>
Cash	\$ 124,067.24	\$ 93,588.24
Certificates of Deposit	58,956.90	56,902.95
Total Assets	<u>183,024.14</u>	<u>150,491.19</u>

**LIABILITIES AND FUND BALANCE**

Liabilities	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balance		
Unrestricted	\$ <u>183,024.14</u>	\$ <u>150,491.19</u>
Total Fund Balance	<u>183,024.14</u>	<u>150,491.19</u>
Total Liabilities and Fund Balance	<u>183,024.14</u>	<u>150,491.19</u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY SENATE BILL 40  
(A COMPONENT UNIT OF IRON COUNTY MISSOURI)  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
REVENUES		
Property Tax Revenues	\$ 159,128.03	\$ 151,758.47
	<u>159,128.03</u>	<u>151,758.47</u>
TOTAL REVENUES	159,128.03	151,758.47
EXPENDITURES		
Senior Services Expenses	131,793.05	148,699.55
Other Expenses	<u>                    </u>	<u>                    </u>
TOTAL EXPENDITURES	<u>131,793.05</u>	<u>148,699.55</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES	27,334.98	3,058.92
OTHER FINANCING SOURCES (USES)		
Interest	4,747.97	4,652.41
Miscellaneous	450.00	0.00
Rents	0.00	0.00
Donations	<u>                    </u>	<u>                    </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,197.97</u>	<u>4,652.41</u>
REVENUE COLLECTED AND OTHER SOURCES UNDER EXPENDITURES PAID AND OTHER USES	32,532.95	7,711.33
FUND BALANCE - BEGINNING OF YEAR	<u>150,491.19</u>	<u>142,779.86</u>
FUND BALANCE - END OF YEAR	\$ <u><u>183,024.14</u></u>	\$ <u><u>150,491.19</u></u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF IRON COUNTY MISSOURI)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Iron County Senate Bill 40 ("SB 40"), which is governed by a nine-member board of directors, was established by an Act of the Senate Bill 40.

As discussed further in Note 1, these financial statements are presented on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

**A. Reporting Entity**

As required by generally accepted accounting principles, as applicable to the modified cash basis of accounting, these financial statements present financial accountability of the SB 40.

The SB 40 has developed criteria to determine whether outside agencies with activities which benefit the clients of the SB 40, should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the SB 40 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service and special financing relationships.

The SB 40 has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the SB 40's financial statements. However, Iron County Senate Bill 40 is a component unit of Iron County, Missouri. The SB 40 has not been included in the County's financial statements as a discretely presented component unit.

**B. Basis of Presentation**

The Governmental Funds Statement of Assets, Liabilities and Fund Balance and Statement of Revenues, Expenses, and Changes in Fund Balance combines information about the reporting government as a whole and funds statements to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain SB 40 functions or activities. Major individual governmental funds are reported as separate columns in the fund financial statements.

IRON COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF IRON COUNTY MISSOURI)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The major fund consists of the general fund.

Governmental Fund Type - The General Fund is the general operating fund of the SB 40 and accounts for all revenues and expenditures of the SB 40. All general tax revenues and other receipts are accounted for in this fund.

**C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The fund financial statements are prepared using the modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures when they result from cash transactions except that the purchase of investments are recorded as assets; funds collected through the agency funds, not yet remitted, are recorded as liabilities and as receivables and revenue in the fund statements as applicable; and receipts of proceeds of tax anticipation notes are recorded as liabilities. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If the SB 40 utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting.

**D. Cash Deposits and Investments**

Deposits and investments are stated at cost, which approximates market. Cash balances for all the funds are pooled and invested to the extent possible. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investment shall be purchased at a price in excess of par.

Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the SB 40's name at third-party banking institutions. Details of these cash balances are presented in Note II.



IRON COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF IRON COUNTY MISSOURI)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

**E. Net Assets**

Net assets represents the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the SB 40 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

All other net assets are reported as unrestricted. The SB 40 applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**F. Use of Estimates in Financial Statements**

Preparation of these financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**II. DEPOSITS AND INVESTMENTS**

Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The SB 40's investment policy does not include custodial credit risk requirements. The SB 40's deposits were not exposed to custodial credit risk at year end.

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Missouri or its agencies and instrumentalities that have a market value of not less than the principle amount of the deposits.

The SB 40's deposits, including certificates of deposit, were fully insured or collateralized as required by state statutes at December 31, 2007 and December 31, 2006. At December 31, 2007, the carrying amount of the District's deposits was \$ 183,024.14 with respective bank balances totaling \$ 223,314.21. At December 31, 2006, the carrying amount of the District's deposits was \$150,491.19 with respective bank balances totaling \$181,019.56. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered \$100,000 for each year. The remainder was not even covered by collateral held by the Federal Reserve Bank in the SB 40's name under a joint safekeeping agreement for either year.

IRON COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF IRON COUNTY MISSOURI)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**II. DEPOSITS AND INVESTMENTS (concluded)**

The Deposits held at December 31, 2007 and reported at cost, are as follows:

BALANCE AT DECEMBER 31, 2007		
	Maturity Date	Cost
Deposits:		
Checking and Money Market Accounts	N/A	\$ 124,067.24
Certificate of Deposit	7/9/2008	28,241.58
Certificate of Deposit	6/18/2008	30,715.32
Total Deposits		\$ <u>183,024.14</u>

The Deposits held at December 31, 2006 and reported cost, are as follows:

BALANCE AT DECEMBER 31, 2006		
	Maturity Date	Cost
Deposits:		
Checking and Money Market Accounts	N/A	\$ 93,588.24
Certificate of Deposit	7/9/2007	26,828.35
Certificate of Deposit	6/18/2007	30,074.60
Total Deposits		\$ <u>150,491.19</u>

**III. TAXES**

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The County collects the property tax and remits it to the SB 40 the month following collection.

The assessed valuation of the tangible taxable property for the calendar years 2007 and 2006 for purposes of local taxation was \$171,120,539 and \$171,050,468 respectively. The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2007 and 2006 for purposes of local taxation was .0939 and .0939 respectively.

**IV. RISK MANAGEMENT**

The SB 40 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The SB 40 maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the SB 40. Settled claims have not exceeded this commercial coverage in any of the past three years.

IRON COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF IRON COUNTY MISSOURI)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**V. LITIGATION**

The SB 40 is not a defendant in any litigation as of December 31, 2007 or December 31, 2006.

## **REQUIRED SUPPLEMENTARY INFORMATION**

IRON COUNTY SENATE BILL 40  
(A COMPONENT UNIT OF IRON COUNTY MISSOURI)  
STATEMENT OF REVENUES AND EXPENDITURES BUDGET TO ACTUAL NON GAAP - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<b>Original And Final Budgeted Amounts</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
REVENUES			
Property Tax Revenues	\$ 140,000.00	151,758.47	\$ 11,758.47
TOTAL REVENUES	<u>140,000.00</u>	<u>151,758.47</u>	<u>11,758.47</u>
EXPENDITURES			
Senior Services Expenses	168,380.78	148,699.55	(19,681.23)
Other Expenses	0.00	0.00	0.00
TOTAL EXPENDITURES	<u>168,380.78</u>	<u>148,699.55</u>	<u>(19,681.23)</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES	(28,380.78)	3,058.92	31,439.70
OTHER FINANCING SOURCES (USES)			
Interest	2,500.00	4,652.41	2,152.41
Miscellaneous	0.00	0.00	0.00
Rents	0.00	0.00	0.00
Donations	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,500.00</u>	<u>4,652.41</u>	<u>2,152.41</u>
REVENUES COLLECTED AND OTHER SOURCES OVER EXPENDITURES PAID AND OTHER USES	(25,880.78)	7,711.33	33,592.11
FUND BALANCE BEGINNING OF YEAR	<u>142,779.86</u>	<u>142,779.86</u>	<u>-</u>
FUND BALANCE END OF YEAR	<u>\$ 116,899.08</u>	<u>\$ 150,491.19</u>	<u>\$ 33,592.11</u>

IRON COUNTY SENATE BILL 40  
(A COMPONENT UNIT OF IRON COUNTY MISSOURI)  
STATEMENT OF REVENUES AND EXPENDITURES BUDGET TO ACTUAL NON GAAP - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<b>Original And Final Budgeted Amounts</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
REVENUES			
Property Tax Revenues	\$ 145,000.00	\$ 159,128.03	\$ 14,128.03
TOTAL REVENUES	<u>145,000.00</u>	<u>159,128.03</u>	<u>14,128.03</u>
EXPENDITURES			
Senior Services Expenses	162,750.86	131,793.05	(30,957.81)
Other Expenses	0.00	0.00	0.00
TOTAL EXPENDITURES	<u>162,750.86</u>	<u>131,793.05</u>	<u>(30,957.81)</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES	(17,750.86)	27,334.98	45,085.84
OTHER FINANCING SOURCES (USES)			
Interest	4,000.00	4,747.97	747.97
Miscellaneous	0.00	450.00	
Rents	0.00	0.00	0.00
Donations	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,000.00</u>	<u>5,197.97</u>	<u>747.97</u>
REVENUES COLLECTED AND OTHER SOURCES OVER EXPENDITURES PAID AND OTHER USES	(13,750.86)	32,532.95	45,833.81
FUND BALANCE BEGINNING OF YEAR	<u>150,491.19</u>	<u>150,491.19</u>	<u>-</u>
FUND BALANCE END OF YEAR	<u>\$ 136,740.33</u>	<u>\$ 183,024.14</u>	<u>\$ 45,833.81</u>

IRON COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF IRON COUNTY MISSOURI)  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
YEARS ENDED DECEMBER 31, 2007 AND 2006

Budgets and Budgetary Accounting

The SB 40 follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 67 RSMo, the District adopts a budget for each fund.
2. Prior to December, the Director, who serves as the budget officer, submits to the Senate Bill 40 Board a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all SB 40 funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. Prior to its approval by the Senate Bill 40 Board, the budget document is available for public inspection.
4. Prior to January 1, the budget is legally enacted by a vote of the Senate Bill 40 Board.
5. Subsequent to its formal approval of the budget, the Senate Bill 40 Board has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.
6. Budgets are prepared and adopted on the modified cash basis of accounting.

IRON COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF IRON COUNTY MISSOURI)  
SCHEDULE OF QUESTIONED COSTS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**I. Financial Statement Findings**

**06/07-01**      **Criteria:** Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 2007, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.

**Condition:** During the current year, auditors of the Senate Bill 40 assisted with the preparation of the financial statements and the notes to financial statements.

**Effect:** Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 112 indicates that conditions necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.

**Cause:** Due to the short time frame for the implementation of the new SAS requirements, management did not prepare the financial statements or the notes to financial statements.

**Recommendation:** Due to the changing standards, the Senate Bill 40 may wish to consider alternatives available that would eliminate this situation.

**Management's Response:** The Senate Bill 40 will consider the auditors' recommendation.

**06/07-02**      **Criteria:** Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for period ending on or after December 15, 2007, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

**Condition:** Documentation of the Senate Bill 40's internal controls has not been prepared.

**Effect:** The new SAS 112 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the Senate Bill 40 may not be able to ensure that controls are in place, communicated and operating effectively.



IRON COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF IRON COUNTY MISSOURI)  
SCHEDULE OF QUESTIONED COSTS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**I. Financial Statement Findings (Continued)**

**Cause:** Due to the short time frame for the implementation of the new SAS requirements, the Senate Bill 40 did not prepare the required documentation.

**Recommendation:** We recommend that the Senate Bill 40 develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

**Management's Response:** The Senate Bill 40 will consider the auditors' recommendation.

**06/07-03**

**Criteria:** Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

**Condition:** During our audit, we noted there is no formal fraud risk assessment in place.

**Effect:** Lack of an appropriate risk assessment process may result in certain risks not being identified by Senate Bill 40's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

**Cause:** Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

**Recommendation:** We recommend that the Senate Bill 40 address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

**Management Response:** The Senate Bill 40 will consider the auditors' recommendation.

IRON COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF IRON COUNTY MISSOURI)  
SCHEDULE OF QUESTIONED COSTS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**I. Financial Statement Findings (Concluded)**

**06/07-04**

**Criteria:** Assets of the Senate Bill 40 Board should be safeguarded against losses from outside events that are out of their control.

**Condition:** During our audit, we noted there were no securities pledged on banks where their were over \$100,000 in deposits.

**Effect:** Lack of sufficient Pledged securities could cause a catastrophic loss of assets if a bank were to go out of business.

**Cause:** Management has put Pledged Securities in place to safeguard assets.

**Recommendation:** We recommend that the Senate Bill 40 address this issue and ensure that securities are pledged.

**Management Response:** The Senate Bill 40 Board will consider the auditors' recommendation.

**II. Follow-Up Prior Year Financial Statement Findings and Questioned Costs**

There were no prior year findings and questioned costs related to Government Auditing Standards for an audit of financial statements.



**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF  
MISSOURI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

August 12, 2008

To the Board of Directors  
Iron County Senate Bill 40 of Missouri

In planning and performing our audit of the basic financial statements of the Iron County Senate Bill 40 of Missouri as of and for the years ended December 31, 2007 and 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Board's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Our comments concerning internal control and other significant matters are presented as follows:

- I. Deficiencies Considered to be Significant
- II. Changes Impacting Governmental Organizations
- III. Information Required by Professional Standards

Board's management has provided written responses to the comments in this report that were identified in our audit. These responses have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, board of trustees, and others within the region, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Daniel Jones & Associates*

Daniel Jones & Associates  
Certified Public Accountants

## I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

06/07-01

**Criteria:** Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 2006, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.

**Condition:** During the current year, auditors of the Senate Bill 40 assisted with the preparation of the financial statements and the notes to financial statements.

**Effect:** Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 112 indicates that conditions necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.

**Cause:** Due to the short time frame for the implementation of the new SAS requirements, management did not prepare the financial statements or the notes to financial statements.

**Recommendation:** Due to the changing standards, the Senate Bill 40 may wish to consider alternatives available that would eliminate this situation.

**Management's Response:** The Senate Bill 40 is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the board's annual budget document and annual financial statement. The board was not aware of new SAS requirements and questions if county governments of our size are required to comply with SAS standards.

06/07-02

**Criteria:** Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for period ending on or after December 15, 2006, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

**Condition:** Documentation of the board's internal controls has not been prepared.

**Effect:** The new SAS 112 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the Board may not be able to ensure that controls are in place, communicated and operating effectively.

**Cause:** Due to the short time frame for the implementation of the new SAS requirements, the County did not prepare the required documentation.

**Recommendation:** We recommend that the Board develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

## I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT(Concluded)

**Management's Response:** The Board is willing to review this recommendation with the state auditor and the contract auditor to further understand the COSO internal controls. The Board was not aware of new SAS requirements and questions if county governments of our size are required to comply with SAS standards.

06/07-03

**Criteria:** Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

**Condition:** During our audit, we noted there is no formal fraud risk assessment in place.

**Effect:** Lack of an appropriate risk assessment process may result in certain risks not being identified by Board's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

**Cause:** Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

**Recommendation:** We recommend that the Board address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

**Management Response:** The Board is willing to review this recommendation with the state auditor and the contract auditor to determine various risk assessments.

06/07-04

**Criteria:** Assets of the Senate Bill 40 Board should be safeguarded against losses from outside events that are out of their control.

**Condition:** During our audit, we noted there were no securities pledged on banks where their were over \$100,000 in deposits.

**Effect:** Lack of sufficient Pledged securities could cause a catastrophic loss of assets if a bank were to go out of business.

**Cause:** Management has put Pledged Securities in place to safeguard assets.

**Recommendation:** We recommend that the Senate Bill 40 address this issue and ensure that securities are pledged.

**Management Response:** The Senate Bill 40 Board will consider the auditors' recommendation.

## II. CHANGES IMPACTING GOVERNMENTAL ORGANIZATIONS

- a. SAS 104 through 111, *Risk Assessment Standards*, are effective for fiscal periods beginning on or after December 15, 2006. These standards increase the auditors' responsibility and requirements, including a more extensive understanding of the organization and documentation of audit procedures.
- b. SAS 112, *Communication of Internal Control Matters*, is effective for fiscal periods ending on or after December 15, 2006. These standards change the definition of internal control deficiencies.
- c. SAS 114, *The Auditor's Communication with Those Charged with Governance*, is effective for fiscal periods beginning on or after December 15, 2006. This standard increases the auditors' responsibility to communicate information about audit planning, the client's accounting practices, and other significant matters.

### III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

#### Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated August 12, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Iron County Senate Bill 40 of Missouri. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Iron County Senate Bill 40 of Missouri's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

#### Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Iron County Senate Bill 40 of Missouri are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the years ended December 31, 2007 and 2006. We noted no transactions entered into by the governmental unit during the years for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

#### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Concluded)

### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 12, 2008.

### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.